



*We exist to deliver safe, reliable energy that drives value to our customers*

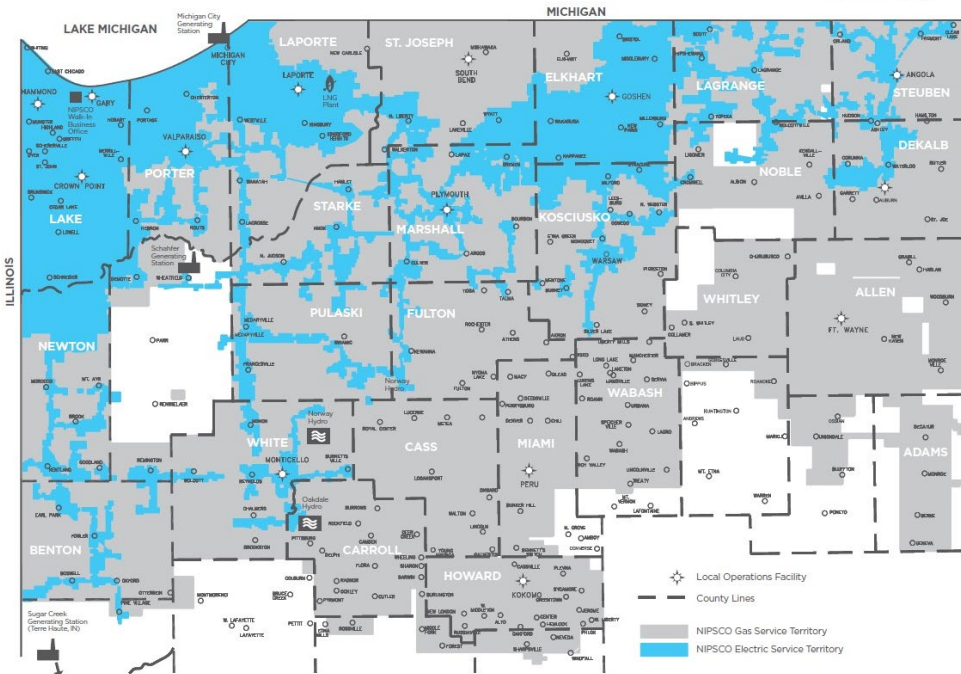


CONFIDENTIAL



## Welcome to this information session for the Northern Indiana Public Service Company ("NIPSCO") 2024 Request for Proposal ("RFP") Processes

### NIPSCO Service Territory



- NIPSCO does business in the State of Indiana as a regulated public utility generating, transmitting and distributing electricity for sale in Indiana and the broader Midcontinent Independent System Operator, Inc. ("MISO") regional electricity market.
- NIPSCO currently serves approximately 483,000 electric customers in northern Indiana.

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

# Background and Disclaimer

- NIPSCO is committed to meeting the energy needs of its customers today and in the future. NIPSCO has released an Integrated Resource Plan to the Indiana Utility Regulatory Commission (“IURC”), that identifies the preferred resource options for meeting future customer needs.
- In 2018, 2019 2021 and 2022, NIPSCO executed a series of All-Sources and targeted RFP and identified several projects currently in development. These RFP were designed to meet a portion of the Company’s identified resource requirements.
- Through the 2024 RFPs, NIPSCO intends to identify additional projects required to meet its resource requirements, and NIPSCO anticipates executing definitive agreements with one or more counterparties upon the conclusion of each of the 2024 RFPs.
- This presentation is intended to provide only generally descriptive and summary information. The information and material provided on the RFP Information Website is controlling. Any conflict between the information conveyed during the bidder information session with information or material provided on the RFP Information Website, is unintentional. Some information may be subject to change.

# Introduction

## Ways to submit questions during the presentation – questions will be answered only after the prepared presentation

- Send an email to [NIPSCO-RFPManager@crai.com](mailto:NIPSCO-RFPManager@crai.com) or
- Use the Zoom Q&A feature to submit your questions
  - Attendees will only be able to see their own questions submitted

## Following the prepared presentation

- Questions will be queued in the order above and answered
- The questions sent via email will be answered first, and the questions on Zoom Q&A will be answered next
- Q&A will remain anonymous
- CRA will post all Q&A to the Information Website

# 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

# Overview of NIPSCO's 2024 Request for Proposal Processes

- **On May 1, 2024 NIPSCO issued a series of Requests for Proposal (RFP) processes designed to identify resources positioned to support the Company's near and long-term resource requirements.**
- **These separate solicitations will be executed in parallel with each individual RFP targeting different technologies and resource categories.**
- **As has been done in the past, asset cost, performance and resource availability by technology derived from RFP bids will be used as inputs into the Company's resource planning process to create a "Preferred Plan" informed by actual market data.**

## NIPSCO has issued four 2024 Requests for Proposals as of May 1st:

- 1. RFP1 and RFP2** together will target both renewable and dispatchable resources under an All-Source RFP umbrella. Through these RFP, the company will target approximately 1,000 MW of resources located in, or deliverable to LRZ6. NIPSCO is seeking transmission- interconnected, supply side resources including solar, wind, thermal and storage options in support of the Company's resource requirements
  - As part of the All-Source RFP, the Company is also seeking a development partner for storage resources located at NIPSCO's Schaefer, Michigan City and other sites.
  - Through the All-Source RFP, NIPSCO is soliciting bids related emerging technologies including but not limited to long-duration storage, hydrogen fueled CC or CT and other technologies.
- 2. RFP3**, the Bridge Resource RFP, will seek resources positioned to support potential NIPSCO needs related to emerging, near-term, large-scale customer loads. The Company is targeting 600-1,000 MW of capacity or capacity and energy resources that can be available within 18-36 months from LRZ6 or neighboring MISO zones and will consider short and long-term resource options including ZRC, physical resources or financial arrangements
- 3. RFP4**, targeting Distributed Energy Resources (DER) will consider up to 10 MW of distribution or transmission interconnected resources qualifying for bonus credits under the Inflation Reduction Act

# Key Process Timeline

----- All-Source RFP -----

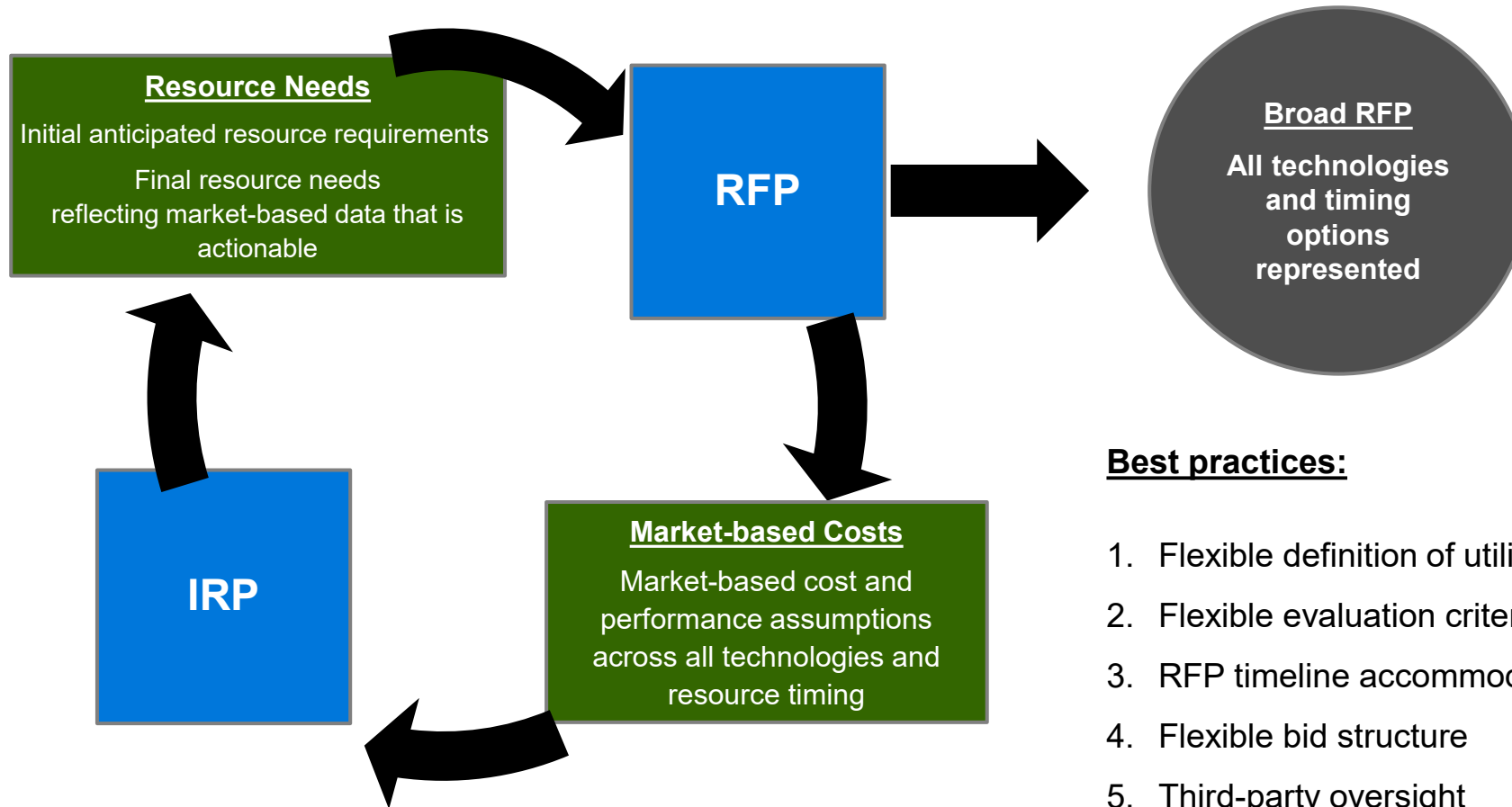
Element	RFP1 – Intermittent	RFP2 – Dispatchable	RFP3 – Bridge Resource	RFP4 – DER
Issue RFP	May 1, 2024	May 1, 2024	May 1, 2024	May 1, 2024
Bidder Information Session	May 6, 2024	May 6, 2024	May 6, 2024	May 6, 2024
Pre-Qualification Deadline	May 15, 2024	May 15, 2024	May 15, 2024	May 15, 2024
Notification of Pre-Qualification	May 20, 2024	May 20, 2024	May 20, 2024	May 20, 2024
Proposals Due	June 7, 2024	June 7, 2024	June 7, 2024	June 20, 2024



In association with the IRP process, NIPSCO concluded that it is in the best interest of its customers to:

1. Seek to acquire, construct or contract for additional capacity that qualifies as a MISO internal resource (not pseudo-tied into MISO) with physical NRIS deliverability to MISO Local Resource Zone 6. NIPSCO may consider other MISO Local Resource Zones, however, Zone 6 is preferred. Considered options include:
  - a. Direct sale of an existing facility to the utility or build transfer arrangements for facilities under development sale of an equity stake for a portion of a facility including a minority ownership interest.
  - b. Unit contingent PPA arrangements at the bus-bar or Indiana Hub, tolling arrangements (capacity payment in return for full control of the asset + fuel + O&M)
  - c. Financial products, shaped products, “Block” products or Option contracts with a specified strike price.
2. Identify a partner to develop storage resources at the Schahfer, Michigan City other NIPSCO sites to improve the Company’s capacity resources
3. Understand long-term, emerging technology options, costs and capabilities
4. Identify capacity or capacity and energy resources positioned to help NIPSCO meet emerging, large-scale customer needs
5. Identify high value DER options that may provide value for customers

## Integrated IRP to RFP structure



# RFP Overview

----- All-Source RFP -----

Element	RFP1 – Intermittent	RFP2 – Dispatchable	RFP3 – Bridge Resources	RFP4 – DER
Technology	Renewables and hybrid resources	Thermal, standalone storage, emerging technologies and other (including long-duration storage and NIPSCO site specific storage options)	Near-term bridge resources that provide both energy and capacity solutions designed to respond to large-scale, new customer activity	Distributed energy resources that qualify for IRA incentives and/or provide MISO capacity credit
Event Size	Up to 400 MW	Up to 600 MW	600-1,000 MW	Up to 10 MW
Ownership Structure	Unit contingent PPA, BTA, existing asset sales	Unit contingent PPA, system power, BTA, existing asset sales, shaped products. Site specific storage solutions must be for NIPSCO ownership per MISO generator replacement rules	ZRC, PPA, shaped or financial products, unit contingent PPA, BTA, existing asset sales	Unit contingent PPA, existing asset sales
Duration	Targeting resources in 36-60 months with 5+ years duration	Targeting resources in 36-60 months with 5+ years duration	Targeting resources in 18-36 months with 3 to 5+ years duration, and resources in the 5+ year horizon	Targeting resources in 36-60 months with 5+ years duration
Deliverability	LRZ6, NRIS, (N-1-1)	LRZ6, NRIS, (N-1-1)	Flexible	Distribution resources
Qualification Requirements	Credit worthy counterparties	Credit worthy counterparties	Credit worthy counterparties	Credit worthy counterparties

*We exist to deliver safe, reliable energy that drives value to our customers*

*The Inflation Reduction Act, containing several incentives related to power sector, was signed into law in August*

- **Production Tax Credit (PTC)**
  - 10-year credit of \$27.5/MWh (growing with inflation)\*
  - Re-introduced the PTC for solar and created new universal clean energy PTC
  - Eligibility through 2035\*
- **Investment Tax Credit (ITC)**
  - Upfront credit equal to 30% of qualifying investment\*
  - Extended the ITC to stand-alone storage
  - Eligibility through 2035\*\*
- **New Hydrogen PTC** (up to \$3/kg)
- Increased 12-year **CCUS**<sup>^</sup> credit value to \$85/ton
- New “bonus” credit opportunities exist:
  - 10% additional credit if cited in an **“energy community”**
  - 10% additional credit for facilities constructed with **domestically manufactured components**
  - 20% additional credit for **low-income benefit projects** at small-scale
- New monetization opportunities via tax credit transfer: tax credits can be directly sold to other parties if original beneficiary lacks a tax liability

\*Assuming apprenticeship and prevailing wage requirements

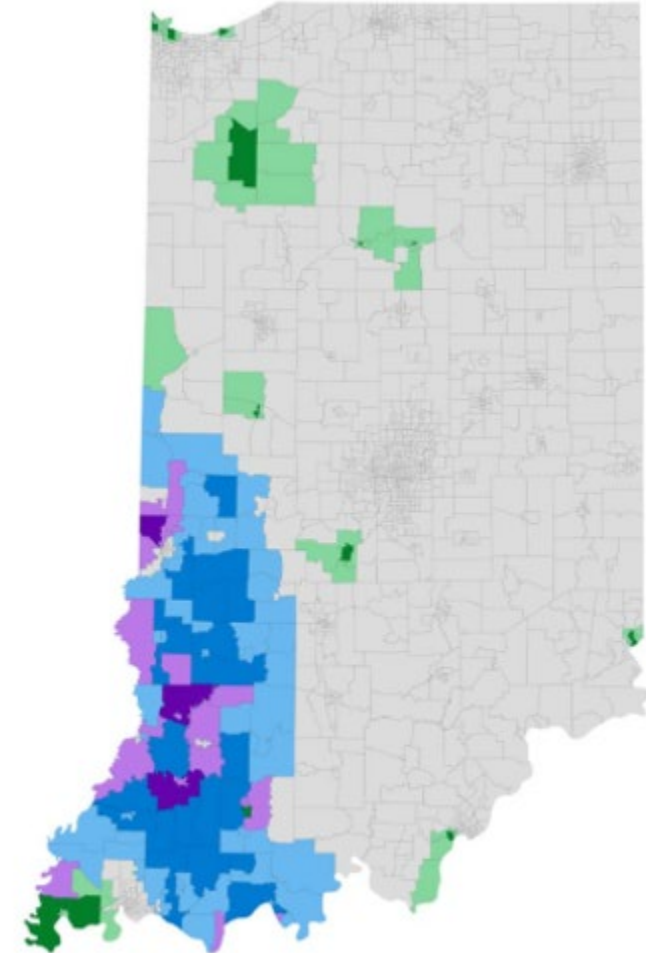
\*\*Credit availability could be extended longer if U.S power sector emission reduction targets are not achieved

<sup>^</sup>CCUS = Carbon Capture Utilization and Storage

# DER RFP Overview – Energy Communities Opportunities in Indiana

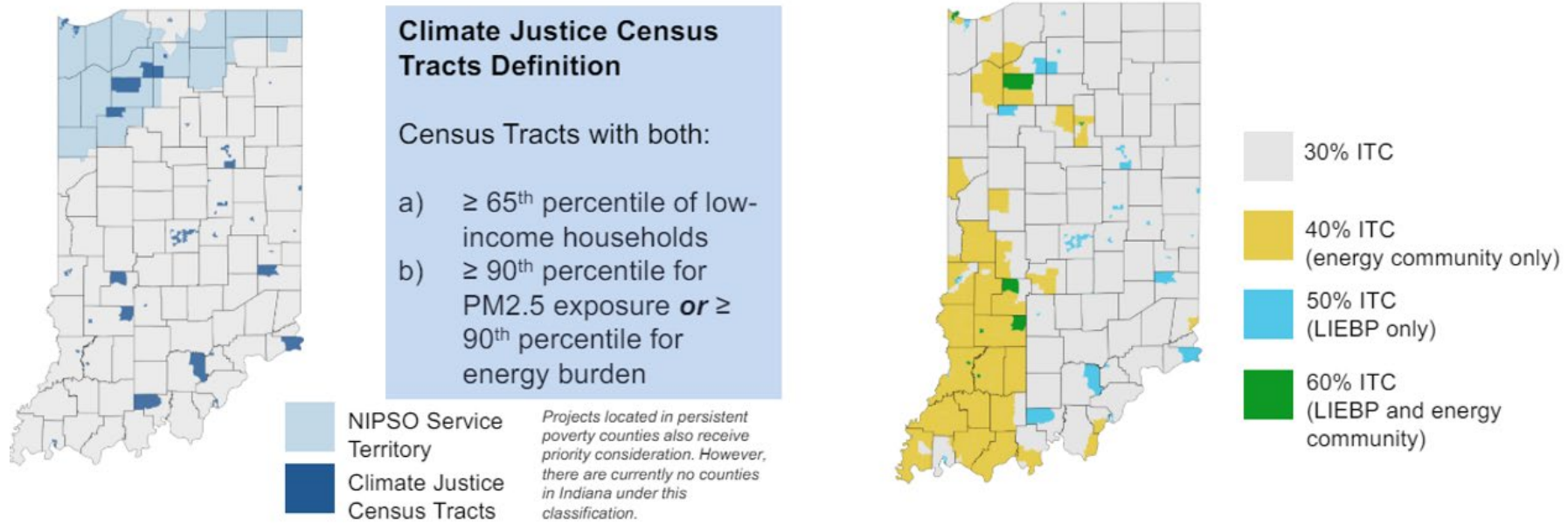
- Many Energy Community locations exist in Indiana, largely due to retired coal generating units or coal mines in the state
- NIPSCO is currently taking advantage of the bonus credits that are available for multiple solar and solar + storage projects currently under construction and in development

## Existing Coal-Retirement Census Tracts



# DER RFP Overview – Low Income Benefit Projects

- LIEBPS provide 20% ITC credit adders for a limited number of small-scale (5MW or less) clean energy projects each year
- Projects must reduce bills for low-income customers and must pass through a competitive US Dept Energy application process, through strategic site selection and financial benefits allocations could increase the likelihood of acceptance
- LIEBPS located in climate justice census tracts will receive priority consideration in the application, greatly improving chances of project qualification



# RFP Overview

- Information Website for the RFP Process is <http://www.nipsco-rfp.com/>
- The Information Website is the central source of information for both RFP processes. Bidders are encouraged to familiarize themselves with the website and materials and to regularly check the Website for updates and updates to FAQ
- The Website includes the following sections
  - Information about the RFP
  - RFP documents
  - RFP timeline
  - Frequently Asked Questions (“FAQs”)
  - Links to NIPSCO’s Integrated Resource Plan (“IRP”)
  - Information about NIPSCO and CRA
  - Bidders may also:
    - ✓ Register to receive updates
    - ✓ Submit questions

# RFP Overview

**CRA encourages all interested parties to register on the Information Website to remain informed about the RFP process**

- Registrants receive any information updates about the RFP via email
  - provide name, company name, valid email address
- Once registered, prospective bidders can submit questions

**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](http://www.NIPSCO-RFP.com))
- Via email to the RFP Manager ([NIPSCO-RFPManager@crai.com](mailto:NIPSCO-RFPManager@crai.com))

**FAQs will be posted to the Information Website FAQ page in order to ensure that all process participants have equal access to information.**

**All questions should be submitted to the RFP manager; Bidders should not reach out to NIPSCO directly.**



## **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, 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, NIPSCO may disclose certain information to inform its stakeholders of the summary results of the RFPs 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

# 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

## Pre-Qualification

### Documents due by May 15, 2024

- **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
  - All documents are available for download at [www.NIPSCO-RFP.com](http://www.NIPSCO-RFP.com)
  - Items should be emailed no later than 12:00 PM CPT on May 15, 2024 to [NIPSCO-RFPManager@crai.com](mailto:NIPSCO-RFPManager@crai.com)
- **CRA will notify Respondents May 20, 2024 whether they have successfully pre-qualified to submit a Proposal**
- **Potential Respondents that have not submitted a Pre-Qualification application package by 12:00 PM CPT on May 15<sup>th</sup> risk having their Proposals disqualified from further consideration**

# 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

# Proposal Content Requirements

## 1. Executive Summary

- Proposals must include an executive summary of the Proposal's characteristics including any unique aspects and benefits.

## 2. Respondent's Information

- Proposals must be submitted in the legal name of the actual party or the ultimate "upstream" organizational entity that would be bound by any resulting definitive agreement with NIPSCO. Proposals must be authenticated by an officer or other employee who is authorized

## 3. Respondent's Experience

- The Respondent must provide a description of prior experience and qualifications as it relates to the execution of the Proposal. This should incorporate a summary of the experience and qualifications of the key contributors, including the total number of employees and prior experience and qualifications of any key developers, engineering, procurement and construction contractors, fuel managers, or other key contributors relating to the generation facility.

# RFP Bidding Requirements

**The data required to be submitted in response to each RFP varies depending on the technology, development status, and the proposed transaction structure. Bidders should refer to the Solicitation Document posted to the RFP Website for a full list of the bidding requirements**

## **Representative data requirements include:**

- Operating performance and characteristics
- Availability and reliability data
- Information on past revenue and costs including recent and projected CAPEX expenses
- Development status, timeline and plan
- Facility permitting
- Economic considerations including PPA or bid pricing
- Other contractual commitments
- Other factors

# Proposal Content Requirements

## All Proposal documents must be submitted to the RFP Manager via email

- 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.
- Bidders should submit a catalog of other files associated with the Proposal, including file names and descriptions
- 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

## 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

RFP Manager will send each Pre-Qualified Bidder instructions on how to submit their Proposal through CRA's secure ShareFile platform.

# 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



# Proposal Evaluation Criteria



## Project Economics LCOE / LCOC

The economic analysis will be conducted over a fixed planning horizon and bid specific planning horizon for all assets. The analysis will reflect all expected costs related to the bid. The project level analysis will be based on data submitted with the bids, standard assumptions for key commodity considerations and may reflect adjustments for material uncertainties associated with a bid.

---



## Reliability and Deliverability

The asset reliability and deliverability evaluation will include an assessment of transmission reliability, facility age and performance, and fuel risk and fuel security. Transmission reliability scoring will be based on transmission infrastructure and location. Facility performance will be based on the EFORd performance. Fuel reliability will consider fuel availability risk and price volatility.

---



## Development

Development risk will consider how many key development milestones have been met as well as the development experience of the potential counterparty.

---



## Asset Specific Benefits / Risks

Asset specific benefits and risks will consider individual, unique, project level risks associated with an individual project or counterparty. CRA will evaluate projects based on community benefits, certain social justice goals, minority and women owned business considerations, unique environmental considerations, specific regulatory risks or other considerations.

# 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

## 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.

**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.
- 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 should request instructions for posting collateral from the RFP Manager. 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

In addition, winning Respondents may be required to post operating collateral over the term of any PPA 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

# 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

# RFP Timeline and Milestones

----- All-Source RFP -----

Element	RFP1 – Intermittent	RFP2 – Dispatchable	RFP3 – Bridge Resource	RFP4 – DER
✓ Issue RFP	May 1, 2024	May 1, 2024	May 1, 2024	May 1, 2024
Bidder Information Session	May 6, 2024	May 6, 2024	May 6, 2024	May 6, 2024
Pre-Qualification Deadline	May 15, 2024	May 15, 2024	May 15, 2024	May 15, 2024
Notification of Pre-Qualification	May 20, 2024	May 20, 2024	May 20, 2024	May 20, 2024
Proposals Due	June 7, 2024	June 7, 2024	June 7, 2024	June 20, 2024

# 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



# Post RFP Timeline

**Bid evaluation is expected to be completed during late summer or early fall. 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 which may include:**

- Site inspections and engineering assessment
- Management interviews
- Legal and regulatory due diligence
- Dispatch modeling (as necessary)
- Negotiation of final terms and conditions

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

## Post RFP Timeline

**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.**

# 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

# Questions and Answers

**Questions will be queued in the following order. Questions will remain anonymous:**

1. Email
2. Zoom Q&A Feature

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

**Thank you for your interest in the RFP**