



NIPSCO's
2019 Request for
Proposals Results



February 18, 2020

Agenda

- Introduction
- Request for Proposals (“RFP”) Overview
- RFP Results Summary
- Post RFP Next Steps

Webinar Introduction

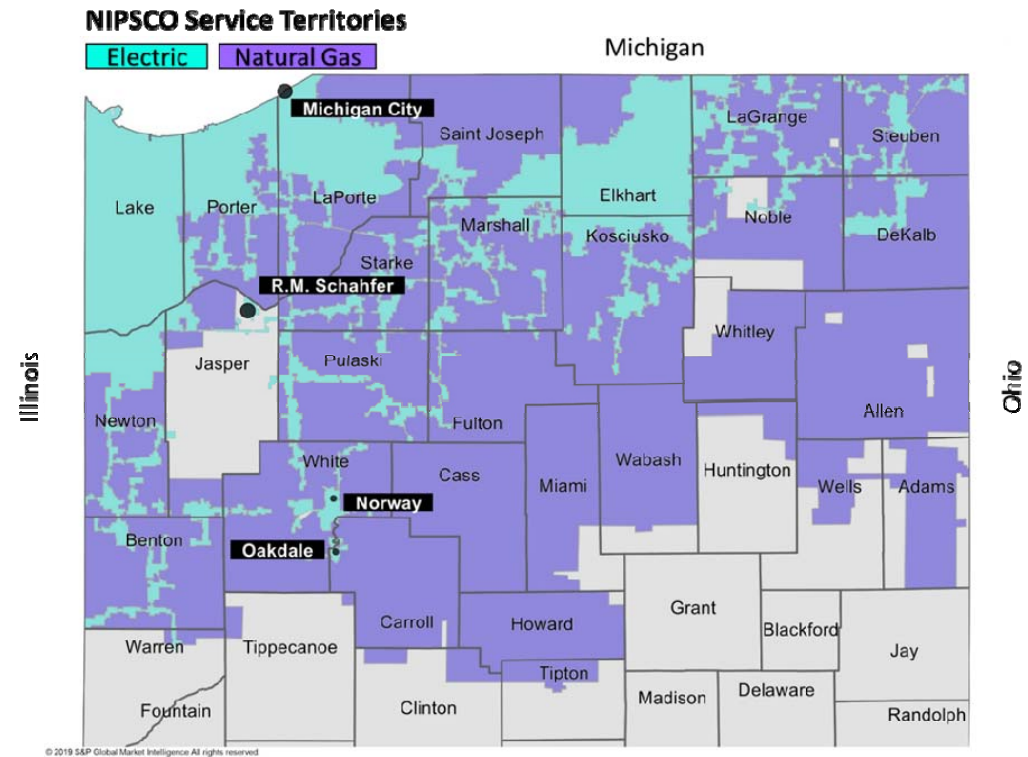
- Welcome to this webinar for the Northern Indiana Public Service Company's ("NIPSCO") Request for Proposals ("RFP")
- Today's presentation is being made by representatives of Charles River Associates, the independent RFP Manager
- In order to best facilitate today's discussion, we are asking that you use the "Messages" feature in the lower left corner of the webinar to ask questions
 - Please type your question at any point and it will be read to the audience by the facilitator
 - When entering your question, please include your name and organization you are representing (if applicable)
- You may also email questions to **NIPSCO_IRP@NiSource.com** and those questions will be answered as they are received
- If time permits, we will have an open discussion after the material has been presented
- We look forward to your thoughts and questions!

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NIPSCO Overview and Their 2018 & 2019 RFP Processes

- 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 468,000 electric customers in northern Indiana
- NIPSCO’s 2018 Integrated Resource Plan (“IRP”) update identified a ‘Preferred Plan’ calling for the addition by 2023 of approximately 1,485 megawatts (“MW” – “Unforced Capacity”) of solar, wind, DSM and purchases
- In 2018/19, NIPSCO sought and received Indiana Utility Regulatory Commission (“IURC”) approval for three wind projects in support of a portion of the identified resource requirements; A fourth approval has been requested by the company and is currently pending
- NIPSCO executed three 2019/20 RFP, to satisfy their remaining capacity needs through proposals for asset sales or power purchase agreements (“PPA”); Resources could be offered as stand-alone assets or paired storage



NIPSCO's IRP and RFP Overview

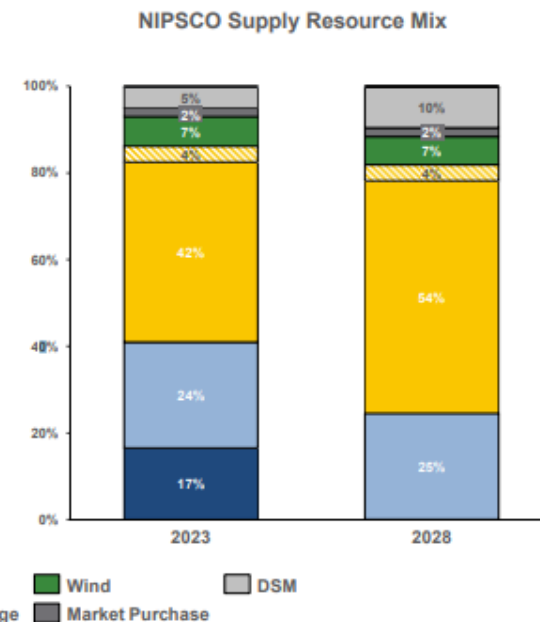
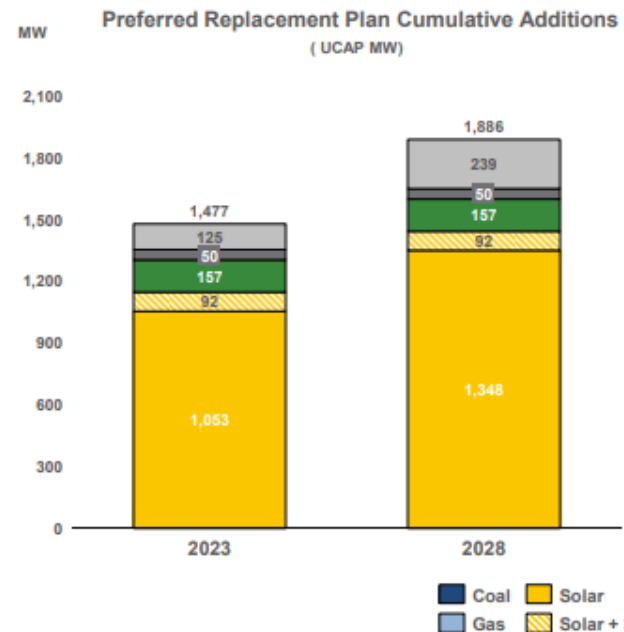
- In 2018, NIPSCO released an update to the 2016 IRP with a Preferred Plan of capacity resources

By 2023, the Preferred Plan calls for:

~1,150 MW UCAP of solar or solar paired with storage

~160 MW UCAP of wind

~175 MW UCAP of other resources including DSM and market purchases



- In 2018, NIPSCO executed an RFP process that successfully sourced a portion of the identified resource requirements
- Through three 2019/20 RFPs, NIPSCO sought to satisfy its remaining capacity needs under the Preferred Plan and ensure an adequate level of reliable generation supply for its customers
 - Event 1 targeted ~ 300 MW* (ICAP) of Wind / Wind Paired with Storage
 - Event 2 targeted ~ 2,300 MW* (ICAP) of Solar / Solar Paired with Storage
 - Event 3 targeted economic opportunities for Thermal / Other capacity resources

RFP Timeline and Milestones

Activity	Date
<input checked="" type="checkbox"/> Notice of Intent w/ Pre-Qualification Documents Due	Wednesday, October 16, 2019
<input checked="" type="checkbox"/> Notification of Pre-Qualification	Monday, October 21, 2019
<input checked="" type="checkbox"/> Proposals Due	Wednesday, November 20, 2019
<input checked="" type="checkbox"/> Start of Bid Evaluation Period	Monday, November 25, 2019
<input checked="" type="checkbox"/> Preliminary Bid Evaluation Completed	Friday, January 10, 2020
<input type="checkbox"/> Summary of Bid Results Presented at Webinar	Tuesday, February 18, 2020
<input type="checkbox"/> Definitive Agreements Signed with Bidders	February – December 2020

Key Design Elements of the Three 2019/20 RFPs

Technology	<ul style="list-style-type: none"> All solutions regardless of technology
Size	<ul style="list-style-type: none"> Separate targets by resource class (wind, solar, other) Targets based on IRP “Preferred Plan” but without specific MW cap by resource Allows smaller resources to offer their solution as a piece of the total need Also encourages larger resources to offer their solution for consideration
Ownership Structures	<ul style="list-style-type: none"> Seeking bids for asset purchases (new or existing) and power purchase agreements Resource must qualify as Midcontinent Independent System Operator (“MISO”) internal generation (not pseudo-tied) or load (demand response or “DR”)
Duration	<ul style="list-style-type: none"> Requesting delivery beginning June 1, 2023, but will evaluate deliveries before 2023 Minimum contractual term and/or estimated useful life of 5 years
Deliverability	<ul style="list-style-type: none"> Must have firm transmission delivery to MISO Zone 6 Must meet N-1-1 reliability criteria or show cost estimate to achieve that quality
Participants & Pre-Qualifications	<ul style="list-style-type: none"> Marketed RFP to broad bidder audience via trade press and Bidder Conference <ul style="list-style-type: none"> Platts Megawatt Daily, North American Energy Marketers Association (NAEMA), NIPSCO Press Release Required credit-worthy counterparties to ensure ability to fulfill resource obligation

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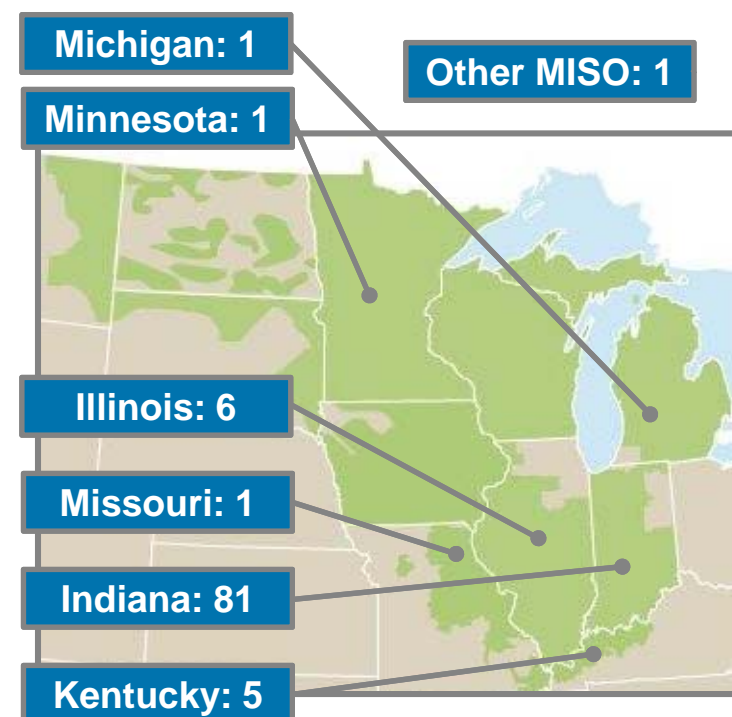
Participating Bidders – Thank You!



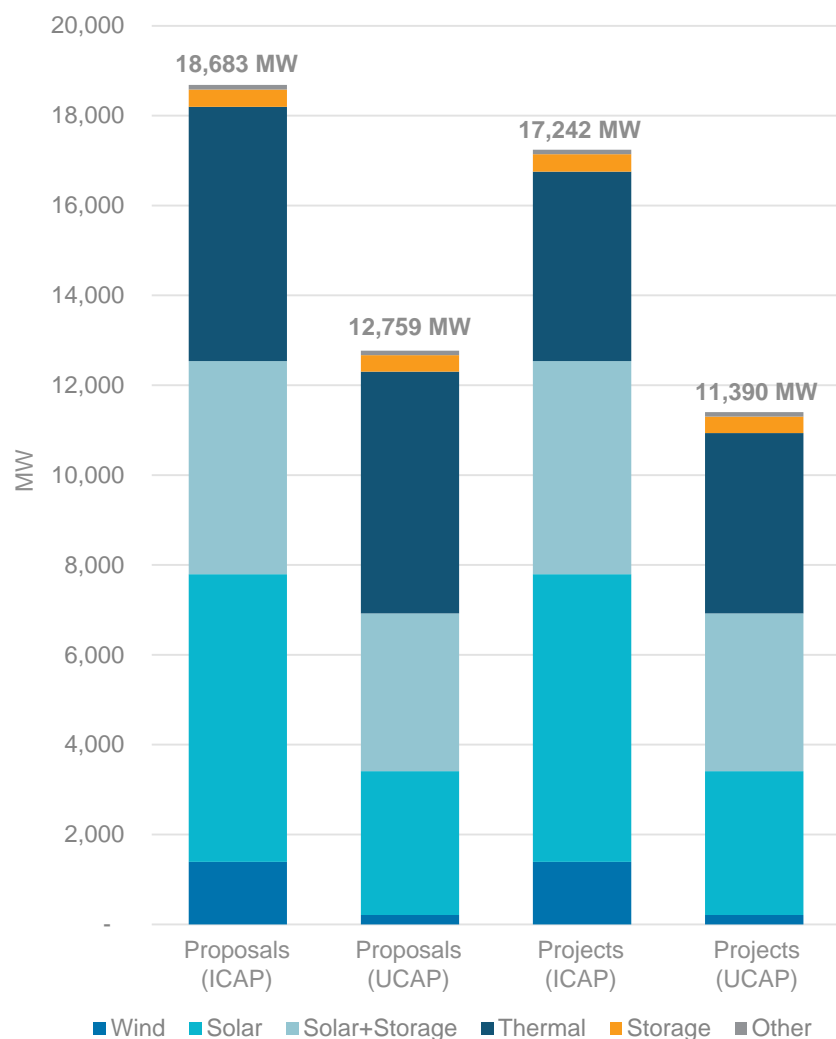
Overview of Proposals Received

- The RFP generated tremendous bidder interest, including 96 total proposals were received across a range of deal structures
 - 93 individual projects across six states with ~17.2 gigawatts (“GW”) (installed capacity “ICAP”) represented
 - Many of the proposals offering variations on pricing structure and term length
 - Several instances of renewables paired with storage
 - Majority of the projects are in various stages of development

Technology	Proposal Count by Structure				Location
	Asset Sale	PPA	Option	Total	
Combined Cycle Gas Turbine (CCGT)	3	4	1	8	IN,MI,IL
Combustion Turbine (CT)	1		2	3	IN
Other/Other Fossil		4		4	IN,MISO
Wind		3	4	7	IL, IN, MN
Solar	1	23	24	48	IN, KY, MO
Solar + Storage		8	15	23	IN, KY
Storage		3		3	IN
Total	5	45	46	96	



Proposal and Project Capacity by Technology (MW)



Technology	ICAP by Project		ICAP by Proposal	
	(MW)	%	(MW)	%
Wind	1,391	8%	1,391	7%
Solar	6,404	37%	6,404	34%
Solar + Storage	4,743	28%	4,743	25%
Thermal	4,216	25%	5,657	30%
Storage	388	2%	388	2%
Other	100	1%	100	1%

Technology	UCAP by Project		UCAP by Proposal	
	(MW)	%	(MW)	%
Wind	197	2%	197	2%
Solar	3,202	28%	3,202	25%
Solar + Storage	3,510	31%	3,510	28%
Thermal	4,013	35%	5,382	42%
Storage	368	3%	368	3%
Other	100	1%	100	1%

Note: Unforced capacity ("UCAP") MW are estimated using MISO class averages by technology

Proposal Pricing by Technology & Structure

- UCAP MW were estimated using MISO class averages by technology

Ownership Structures	Capacity (MW "UCAP") of Proposals by Technology								
	Combined Cycle Gas Turbine (CCGT)	Combustion Turbine (CT)	Other Fossil	Wind	Solar	Solar + Storage	Storage	Other	Total
Asset Sale	2,100	489	-	-	50	-	-	-	2,638
Power Purchase Agreement (PPA)	1,082	-	245	62	810	1,323	368	100	3,990
Option	679	787	-	146	2,343	2,187	-	-	6,142
Total	3,861	1,276	245	209	3,202	3,510	368	100	12,770
Locations	IN, MI, IL	IN	IN, MISO	IN, IL, MN	IN, KY, MO	IN, KY	IN	IN	

Note: Totals may not appear to foot due to rounding

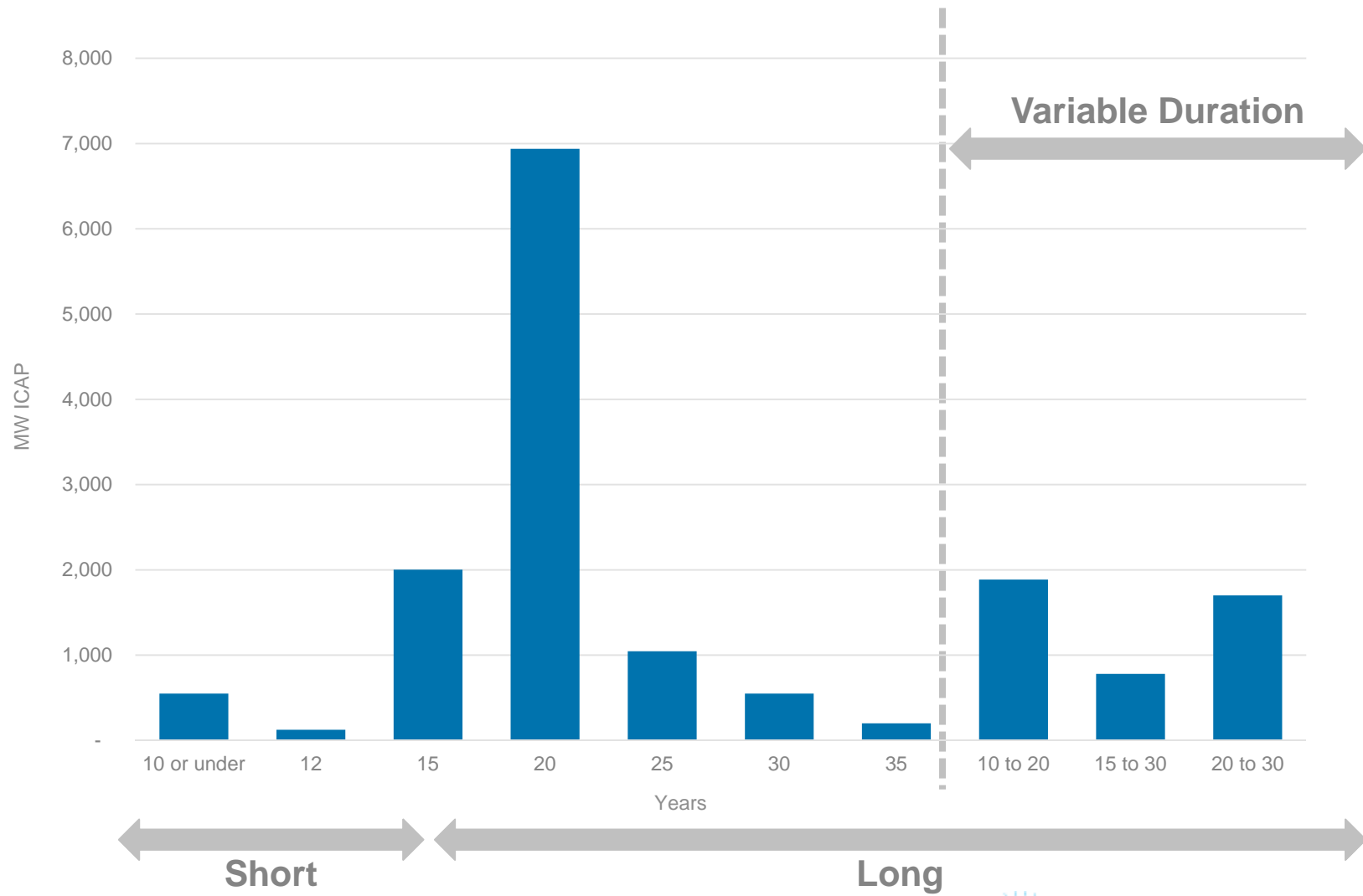
Proposal Pricing by Technology & Structure

	Technology	# of Bids	Bid MW (ICAP)	# of Projects	Project MW	Average Bid Price	Pricing Units	Comments
Asset Sale or Option	Wind	4	976	4	976	\$1,494.73	\$/kW	
	Solar	25	4,785	25	4,785	\$1,299.50	\$/kW	
	Solar + Storage	15	3,150	15	3,150	\$1,120.51	\$/kW	
	Thermal	7	4,268	4	2,827	\$876.69	\$/kW	Fuel cost additional
Power Purchase Agreement (PPA)	Wind	3	415	3	415	\$37.10	\$/MWh	Some are not LRZ6
	Solar	23	1,619	23	1,619	\$39.30	\$/MWh	
	Solar + Storage	8	1,593	8	1,593	\$43.30	\$/MWh	
	Thermal	7	1,389	7	1,389	\$5.44	\$/kW-mo	Plus fuel and O&M
	Storage	3	388	3	388	\$11.18	\$/kW-mo	
	Other	1	100	1	100			
	Total	96	18,683	93	17,242			

Note: Totals may not appear to foot due to rounding

- Average bid prices shown for 'Asset Sale or Option' represent capital costs and exclude on-going fuel, O&M and CapEx (where applicable)
- Figures shown are for representation and do not purport a competition between technologies; Separate short-listed assets were created for each RFP event

PPA Proposals by Durations



RFP Evaluation Process

- All Proposals were evaluated consistent with the Evaluation Criteria provided in Appendix F to each RFP
- The RFP evaluated individual proposals and selected the proposals to advance to the final negotiation phase based on certain evaluation criteria:
 - Levelized Cost of Energy (“LCOE”) for the capacity asset
 - Reliability and deliverability
 - Development status
 - Asset-specific benefits and risks

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Post RFP Next Steps

1

Proposal Evaluation & Contract Negotiations

- As part of the bid evaluation, certain proposals were advanced to the final negotiation of definitive agreements (“DA”)
- 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 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

2

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

Q&A Session

- Following the prepared presentation, questions received during the presentation will be answered in the following order:
 - “Messages” feature on the webinar
 - Email (NIPSCO_IRP@NiSource.com)
- After questions sent via “Messages” and email are answered and if time permits, the phone line will be opened for callers with any remaining questions
- Thank you for your interest in the NIPSCO RFPs!