

Non-price factor evaluation:

The purpose of the non-price evaluation is to assess whether the bidder’s proposed project meets certain quality standards, can reliably be constructed within the required timeframe, considers impacts to the environment and local communities, benefits the local economy, and can provide additional value to I&M’s customers. Overall, the non-price evaluation will highlight potential risks and benefits of the proposed project that are not readily quantified in the pricing evaluation, and allow for consideration of these factors in the bid evaluation process. The non-price factor evaluation represents 40% of the total score of a bidder’s proposal.

A total of ten non-price factors will be considered in the evaluation process for each proposal. Non-price factor evaluations will be conducted by knowledgeable industry professionals from AEP and I&M with specific expertise in each of the non-price factor topics. Each factor will be assessed a score from 1-10, with 1 being the lowest score and 10 being the highest possible score for that factor. General characterizations of each of the scoring levels are provided below in **Table 1**.

Score	Description
10	Excellent. The proposal exhibits high quality or value, results in the least impacts, with limited risk of delivery, and/or significant benefits to I&M customers.
9	
8	Good. The proposal exhibits characteristics of both the satisfactory and excellent rating characterizations.
7	
6	Satisfactory. The proposal generally meets industry standards for quality, reliability, with typical/moderate impacts/benefits, or imparts moderate risk for successful project delivery.
5	
4	Less than satisfactory. The proposal exhibits characteristics of both the satisfactory and poor rating characterizations.
3	
2	Poor. The proposal exhibits low quality, high impacts, limited benefits, and/or significant increased risk to successful project completion.
1	

The ten non-price factors are further grouped into four categories: *Asset-Specific Benefits and Risks, Development Status and Risks; Environmental, Social, and Economic Impacts/Benefits; and Proposal/Project Quality (Table 2)*. Each category is worth 10 points toward the overall maximum score of 40 points for each proposal’s non-price factor evaluation score. Category scores will be calculated by summing individual non-price factor scores in each category and then dividing by the total possible score for that category. The resultant value will then be multiplied by the total points allocated to that category. The following table illustrates this calculation for one category:

Factor 1 – Category A	Factor 2 – Category A	Total Score – Category A	Rating	Category A Score
4 pts of 10 pts	8 pts of 10 pts	4 pts (Factor 1 Score) + 8 pts (Factor 2 Score) = 12 pts	12 pts / 20 pts = 60%	60% x 10 pts = 6 pts

After scoring each of the four categories, the total non-price score for a proposal will be calculated by taking the sum of all four category scores.

The analysis process, evaluations, and scoring results of these assessments will be reviewed by the Independent Monitor. In some cases, certain bid specific information may identify a factor of importance that was unanticipated at the time of factors were developed in the RFP or situations may arise where the level of risk is not accurately represented in scoring. In such cases, scoring may be adjusted or factors added at I&M's discretion. I&M will coordinate such substantive changes with the Independent Monitor.

Table 2. Non-Price Factors		
Category	Factor	Description
Asset-Specific Benefits and Risks	Contract Term/Asset Life-Related Market Risks	The extent to which the proposal exposes the Company and its customers to higher than projected market prices and volatility due to the term-length of a contract or the finite life of an asset.
	Ownership optionality and flexibility Benefits	Review of the bid and associate terms, to determine benefits that would accrue to the Company and its customers, with respect to the potential for operational flexibility, ability to reliably meet energy, capacity, and ancillary service needs under emergency events and volatile market conditions, and enhancement value of the facility with respect to the resource’s ability to meet current and changing future operational and market needs (ex: storage and new technologies, ability to adapt to new market rules).
Development Status and Risks	Development Status, Interconnection Status, and Other Project-Completion Risks	Review of the development status of the project including, but not limited to land leases, permitting (local and federal), and arrangements with equipment suppliers and contractors. Review of criterion associated with the proposed project’s planned interconnection arrangements. This review shall focus on criterion such as completeness of the Generation Interconnection process as prescribed by the respective Regional Transmission Organization (RTO), scope, schedule and estimated deliverability of the prospective project. Review of the Bidder’s proposal with a focus on potential risks (e.g. project schedule, equipment supply arrangements) associated with achieving the targeted commercial operations date.
	Project Timing	Review of the likelihood a project being online to support the timing of near term capacity needs identified in the Preferred Plan in I&M’s IRP process. Those projects that can reliably meet commercial operation status earliest in 2024 will be scored highest.
Environmental, Social, and Economic Impacts/Benefits	Carbon Emissions Goal	AEP is committed to a goal to achieve net zero carbon emissions by 2050, with an interim target to cut emissions 80% from 2000 levels by 2030. Each bid will be reviewed with respect to its emissions rate, carbon capture technology, and potential to facilitate non-carbon based fuel sources.
	Environmental and Wildlife Impact / Permitting	Review of the status of applicable environmental documents associated with the project including, but may not be limited to, wetland and waters delineations, cultural and historical resource investigations, wildlife surveys and assessments, habitat assessments, permit matrix and permit documentation, resource agency correspondence and meeting notes, potential for environmental justice concerns, and Phase I ESA.

	<p>Indiana and Michigan economic stimulus benefits, community support, and suppliers/contractor diversity</p>	<p>Review Bidder’s proposal for its potential to increase private investment by companies that value proximity to renewable energy sources, Review economic benefits to local governments and businesses as well as local property and sales tax benefits. The review will assess known historical community support or opposition of a renewable project and the bidder’s plan for managing community relations. The review will also include consideration of the developer’s plan to use small and diverse suppliers and subcontractors, and contractors based in Indiana and Michigan.</p>
<p>Proposal/Project Quality</p>	<p>Bidder Experience and Financial wherewithal</p>	<p>Review of the Bidder’s experience including Bidder’s success in completing similar sized projects in the relevant state/jurisdiction, the number of successful projects the Bidder has been involved with to-date, and the Bidder’s role in the completion of those projects. Assess Bidder’s ability to meet contractual credit requirements through the review of recent financial statements, ability to post collateral and raise capital, and any other relevant financial information including current credit ratings. The Company will evaluate the form of the Bidder’s collateral, including potential parent guaranty, and verify that it is acceptable AEP.</p>
	<p>Exceptions to AEP Generation Facility Design Standards</p>	<p>For bids that have passed E&T, this factor considers the exceptions the Bidder may have to AEP’s Facility Generation Standards and its associated attachments. All exceptions will be considered in the scoring of this category. Prior agreement by AEP in previous negotiations does not constitute acceptance of an exception.</p>
	<p>Exceptions to Form PSA or PPA</p>	<p>For bids that have passed E&T, this factor considers the Bidder’s exceptions (if any) to the Company’s form agreements with a focus on risks or additional costs to the Company. All exceptions will be considered in the scoring of this category. Prior agreement by AEP in previous negotiations does not constitute acceptance of an exception.</p>