

Stakeholder Meeting

Indiana Michigan Power Company
All-Source RFP Development Meeting

January 18, 2022

Hosted by Charles River Associates



Welcome

Questions will be answered only after the prepared presentation

- Send an email to IMAllSourceRFP@crai.com or
- Raise your hand in the Microsoft Teams webinar platform and your microphone will be enabled (you must unmute first to be heard)
- **Note:** If you wish to remain anonymous, please send us an e-mail. By speaking on the Teams webinar, your name will be visible to all participants.

Following the prepared presentation...

- Participants will be directed to raise their hand should they have a question
- Questions received via the e-mail box will be answered after direct questions
- Substantive questions will be posted on the RFP website

Agenda

- Introduction to I&M
- Introduction of CRA as the Independent Monitor
- The role of the Independent Monitor in the RFP
- Scope of the All-Source RFP
- Evaluation Criteria
- RFP Development Process and Timeline
- Stakeholder Feedback Process
- Q&A

Introduction to I&M

- Multi-jurisdictional utility with ~ 600,000 retail customers in Indiana and Michigan
 - Indiana: ~472,000
 - Michigan: ~130,000
- ~390 MW of firm long-term full requirements wholesale generation customers
- Fully integrated with ~5,400 MW of generation, ~ 5,300 miles of transmission lines, and ~ 20,500 miles of distribution lines
- I&M is part of the American Electric Power system, a member of PJM Interconnection, LLC (PJM) and a Fixed Resource Requirement (FRR) entity
- Resource diversity, including
 - Nuclear, Coal, Solar, Wind, Hydro
 - ~ 300 MW of demand response
 - 90+% of renewables under PPA



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Introduction of CRA

- Indiana Michigan Power Company (“I&M”) has retained Charles River Associates (CRA) as the Independent Monitor.
- CRA is a global consulting firm that offers economic, financial, and strategic expertise.
- CRA has served in a variety of capacities in the management, execution and oversight of electric power industry procurements and auctions across the U.S.

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Role of the Independent Monitor

- CRA will lead and manage the stakeholder outreach process, in addition to reviewing and providing feedback on the design and development of the RFP and monitor all aspects of the RFP administration from issuance to selection.
- In addition, as part of the RFP monitoring role, CRA will perform, independently from I&M, the review of each proposal's conformance with the minimum requirements established in the RFP (Threshold and Eligibility Determination)
- At the conclusion of the RFP process, CRA will provide a report which reflects the feedback received as part of the stakeholder process, and how the feedback was considered in the RFP development and process.

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Scope of the All-Source RFP

Resource Requirements

- Indiana Michigan Power is currently developing an All-Source RFP which seeks to secure the resources outlined in its preferred portfolio developed as part of the 2021 Integrated Resource Plan (IRP).
- Consistent with this portfolio, I&M seeks approximately 800 MW of wind resources, 500 MW of solar resources, and other qualified capacity resources from thermal, standalone storage, emerging technologies, and other capacity resources to meet overall capacity portfolio requirements.

Scope of the All-Source RFP

Resource Requirements

Category	Wind (Storage Optional)	Solar (Storage Optional)	Standalone Storage, Emerging Technologies, Thermal, and Other Capacity Resources
Ownership Structure	Purchase and Sale Agreement (PSA) or Power Purchase Agreement (PPA)		
Nameplate Capacity	800 MW	500 MW	Supplemental capacity to meet overall capacity need.
Target COD/ Commencement Date	12/15/2024 or 12/15/2025	12/15/2024 or 12/15/2025	12/15/2024 or 12/15/2025
Location	Indiana, Michigan, or Illinois	Indiana or Michigan	Indiana or Michigan
Interconnection	<ol style="list-style-type: none"> 1) PJM 2) MISO (w/ confirmed deliverability rights into PJM) 3) I&M distribution interconnected projects 	<ol style="list-style-type: none"> 1) PJM 2) MISO (w/ confirmed deliverability rights into PJM) 3) I&M distribution interconnected projects 	<ol style="list-style-type: none"> 1) PJM 2) MISO (w/ confirmed deliverability rights into PJM) 3) I&M distribution interconnected projects
Interconnection Impact Study Status	Completed from either PJM, or AEP if on the AEP I&M distribution system	Completed from either PJM, or AEP if on the AEP I&M distribution system	Completed from either PJM, or AEP if on the AEP I&M distribution system
Battery Energy Storage Option	Limited to ≤ 20% of nameplate rating of the project and 4 to 8 hours of storage	Limited to ≤ 20% of nameplate rating of the project and 4 to 8 hours of storage	4 to 8 hours of storage, with consideration for projects that can enhance existing I&M facilities with storage capability
Carbon Emissions Requirement	N/A	N/A	Generating units must have low carbon emissions or mitigating technology

Scope of the All-Source RFP

Resource Requirements

Category	Wind (Storage Optional)	Solar (Storage Optional)	Standalone Storage, Emerging Technologies, Thermal, and Other Capacity Resources
Emerging Technologies	N/A	N/A	Technology needs to have demonstrated feasibility, be commercialized, and qualify as a Capacity Resource under the PJM Tariff
Union Labor	Required, non-union pricing optional	Required, non-union pricing optional	Required, non-union pricing optional
Minimum PPA/PSA Size	20 MW	20 MW	20 MW
Minimum PSA Design Life	30 year	30 year	Preferred 30 year; minimum 15 year (technology dependent)
Minimum PPA Term	15 year (and required to show a 30 year option)	15 year (and required to show a 30 year option)	15 year
Products	Bundled renewable energy product. Energy, Capacity, Ancillary Services, Environmental Attributes, optional BESS	Bundled renewable energy product. Energy, Capacity, Ancillary Services, Environmental Attributes, optional BESS	Energy, Capacity, Ancillary Services, Environmental Attributes, optional BESS
PPA Price Structure	Fixed price / Non-Escalating All-in around-the-clock price	Fixed price / Non-Escalating All-in around-the-clock price	Technology Dependent
ROFR and Buyout Option	Yes	Yes	Yes
Affiliate or Self Build	No	No	No

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Evaluation Criteria

Eligibility & Threshold Review

- Base Proposal is for PSA or PPA
- COD by 12/2024 or 12/2025
- Minimum Size of 20 MW
- Located in IN, MI or IL for wind, or, IN or MI for solar and other capacity resources.
- Completed PJM System Impact Study or completed AEP Distribution System Impact Study
- Site Control
- Union labor required in pricing
- Technology
 - Wind (GE, Vestas, Siemens)
 - Solar (Approved Panels/Inverters)
 - Other (proven technology and commercial feasibility)
- Resource Report
 - Wind (Independent Wind Report)
 - Solar (Resource Information)
- Minimum Design Life - 30 year for wind and solar, technology design life standard for other resources.
- Developer experience and financial backing
- Exceptions to form PSA or PPA (including ROFR/Buyout)
- Exceptions to AEP Facility Standards
- Thermal resources must meet minimum carbon emissions threshold

Evaluation Criteria

Price Criteria

Price (60%)

Levelized Cost of Energy (LCOE):

- 30 year levelized \$/MWh for Wind resources and other resources, and 35 year levelized for Solar resources

Levelized Adjusted Net Cost of Energy (LANCOE): is yielded by adding the following elements to the LCOE:

- Fundamental Market Curves
- Capacity Value
- Congestion Cost
- Terminal Value recognized for PSAs
- Debt Equivalence cost for PPAs
- To the extent the asset is not under I&M control at any point in the period, LANCOE will reflect market purchases of bundled renewable energy products

Evaluation Criteria

Non-Price Evaluation Criteria

Non-Price (40%)

Proposal/Project Quality	• Bidder Experience
	• Bidder Financial wherewithal
	• Exceptions to AEP Generation Facility Design Standards
	• Exceptions to Form PSA or PPA
Asset-Specific Benefits and Risks	• Contract Term/Asset Life-Related Market Exposure
	• Ownership optionality and flexibility
Development Status / Risks	• Achievement of Development Milestones
	• Risks to Project Completion
	• Status of Interconnection Process
Environmental, Social, and Economic Impacts/Benefits	• Carbon Emissions
	• Environmental and Wildlife Impact / Permitting
	• Indiana and Michigan local economic benefits and community relations
	• Use of Local Contractors and Small & Diverse Suppliers/Contractors

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RFP Development Process and Timeline

Development Process

- Review RFP plan with stakeholders
- Develop the draft RFP for release
- Receive feedback from stakeholders via the IM
- Update the draft RFP based on feedback received
- Release RFP

Schedule

Task	Completion Date
RFP Development Meeting	January 18 th , 2022 (3pm EST)
Draft RFP Released	January 28 th , 2022
Pre-RFP Stakeholder Meeting	February 8 th , 2022 (3pm EST)
Comments Due	February 18, 2022
Issue RFP	March 10 th , 2022
Proposals Received	April 21 st , 2022
Eligibility and Threshold Review	May 10 th , 2022
Recommended Shortlist	June 30 th , 2022

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Stakeholder Feedback Process

- CRA is actively soliciting feedback from customer groups and potential participants. To this end, CRA has established a dedicated e-mail to receive comments from stakeholders
- Stakeholders should direct any questions, concerns, suggestions, or comments for consideration and potential inclusion in the upcoming RFP directly to CRA via this e-mail address.
- CRA will share only the core content of the communication and not any identifying information with respect to the sender either with I&M or other parties unless otherwise compelled to do so by law.

Website

<https://www.IMAllSourceRFP.com>

Email

IMAllSourceRFP@CRAI.com

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To ensure all participants have an equal opportunity to submit their question, participants will be limited to one question and a follow up question if there are other questions in the queue.

- If time permits, you may pose additional questions.