

Stakeholder Meeting

**Indiana Michigan Power Company
2024 RFPs
Pre-RFP Stakeholder Meeting**

September 2024

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; questions answered during this presentation are to be considered preliminary. Official responses will be provided on the website.

Agenda

- Introduction
- Scope of the 2024 RFPs
- Evaluation Criteria
- RFP Development Process and Timeline
- Stakeholder Feedback Process
- Q&A

Introduction

Meeting Goals

- This meeting is to facilitate a discussion with stakeholders to review the draft RFP scopes, timeline, minimum eligibility requirements, and evaluation factors and request input on the structure of the RFPs

RFP Status

- Development of the draft RFP and associated documents is in progress.

Independent Monitor

- I&M has retained CRA to continue to serve as Independent Monitor for the 2024 RFPs and to support development of a revised multi-RFP structure.

Stakeholder Input

- Comments received will be factored into the development of the final RFP documents.
- We look forward to comments from all stakeholders.

Agenda

- Introduction
- Scope of the 2024 RFPs
- Evaluation Criteria
- RFP Development Process and Timeline
- Stakeholder Feedback Process
- Q&A

Upcoming 2024 RFPs – Scope

- Up to 4,000 MW of generation resources to support growing Indiana retail load between now and 2029
- I&M is targeting a diverse portfolio of resources to align with Indiana's five pillars of energy policy. Separate RFPs allow for targeted approach to achieve this goal.
 - RFP 1 – Intermittent Resources (wind, solar, hybrid)
 - RFP 2 – Non-Intermittent Resources (dispatchable baseload and peaking resources)
 - RFP 3 – Storage Resources (BESS)
 - RFP 4 – Supplemental Capacity (capacity products and emerging technologies)
- **Expanded Eligibility/Geography** – Additional states are now eligible to bid into the I&M RFPs (see slide 7)
- **RFPs selection process** - will continue to consider both price and non-price factors, with an enhanced focus on development risks that may impact project timing
- **Contract Types** – Accepting Purchase Sale Agreements (PSA), Power Purchase Agreements (PPA), and Capacity Purchase Agreements (CPA)



Initial RFP Proposal - Structure

Red text indicates a modification made post stakeholder meeting for clarity

Category	RFP1: Intermittent		RFP2: Non-Intermittent	RFP3: Storage	RFP4: Supplemental Capacity
	Wind (+Storage)	Solar (+Storage)	Dispatchable	Standalone Battery Energy Storage	Capacity Products and Emerging Technologies
Nameplate Capacity	Initially targeting an overall portfolio of up to 4 GW of capacity and energy resources available by 2029 . MW targets by resource type will be determined through the selection of a portfolio of resources that will support I&M's energy and capacity needs.				
Ownership Structure	PSA from existing facilities, 'Development Stage' (close at NTP or pre-NTP), or 'Completed Projects' acquired at COD (close at Mechanical or Substantial Completion), and PPA from existing facilities or projects that will be operational by the 2029 planning year			PSA from existing facilities, Development Stage, or Completed Projects*	CPA, PPA, and PSA from existing facilities or projects that will be operational by the 2029 planning year
Target COD/ Start Date	Available by 2027, 2028, or 2029 planning years				
Location	Interconnection point in IN, MI, OH, IL, WV, or KY with preference for AEP wires			IN or MI, connected to AEP wires	Interconnection point in IN, MI, OH, IL, WV, or KY with preference for AEP wires
Interconnection	1) PJM - Phase 1 Study 2) MISO (w/ Firm Transmission to PJM) 3) I&M distribution projects				
PPA Term Lengths	≤ 15 year	≤ 15 year	≤ 15 year	N/A	Minimum of 3 years, with timing and duration negotiable
Minimum Size	20 MW	20 MW	100 MW	20 MW	5 MW
Battery Energy Storage Option	≥ 4hours of storage	≥ 4hours of storage	N/A	≥ 4hours of storage, interconnected to AEPs transmission or distribution	≥ 4 hours of storage with preference for longer duration technologies
Carbon Emissions Requirement	N/A	N/A	EPA 111d implications will be considered in economic evaluation of PSAs and must be included in PPA pricing	N/A	Must have a low carbon emissions rate
Affiliate Bids	No	No	No	No	No

*See next slide for definitions

Initial RFP Proposal – PSA Option update

Updated Purchase and Sale Agreements (PSA) options as follows:

Development Stage Project(s): Purchase of the Project LLC at Closing shall include, but not be limited to, the following requirements:

- 100% Site Control (including easements), with all land title defects cured.

For participation in the RFP, the Bidder must have substantial site control; however, having 100% Site Control and land title defects cured is required at Closing.

- Executed PJM Generation Interconnection and Construction Services Agreement; or executed I&M Distribution Interconnection Agreement.

For participation in the RFP, the Bidder must have a completed PJM System Impact Study which remains active in the PJM queue, or 2) or have received a completed I&M Distribution Impact Study prior to the Proposal Due Date

- Completed Land, Conditional, or Special Use Permit.
- Completed Preliminary Engineering (10%)
- Completed Permitting and required federal, state, local, and other filings as necessary.
- Regulatory approval as a condition to Closing.

Completed Project(s): Purchase of the Project LLC at Substantial Completion. Standalone BESS projects will be purchased at Mechanical Completion.

- Mechanical Completion is defined as the Project being mechanically completed, assembled, erected and installed in accordance with the terms and conditions of the PSA.
- Substantial Completion is achieved once all of the following has been completed: (i) Mechanical Completion has been achieved, (ii) the Project has been interconnected to the PJM or I&M distribution electrical system, and (iii) all startup, commissioning, and satisfaction of all testing as required by all major contracts and interconnection agreements.

Agenda

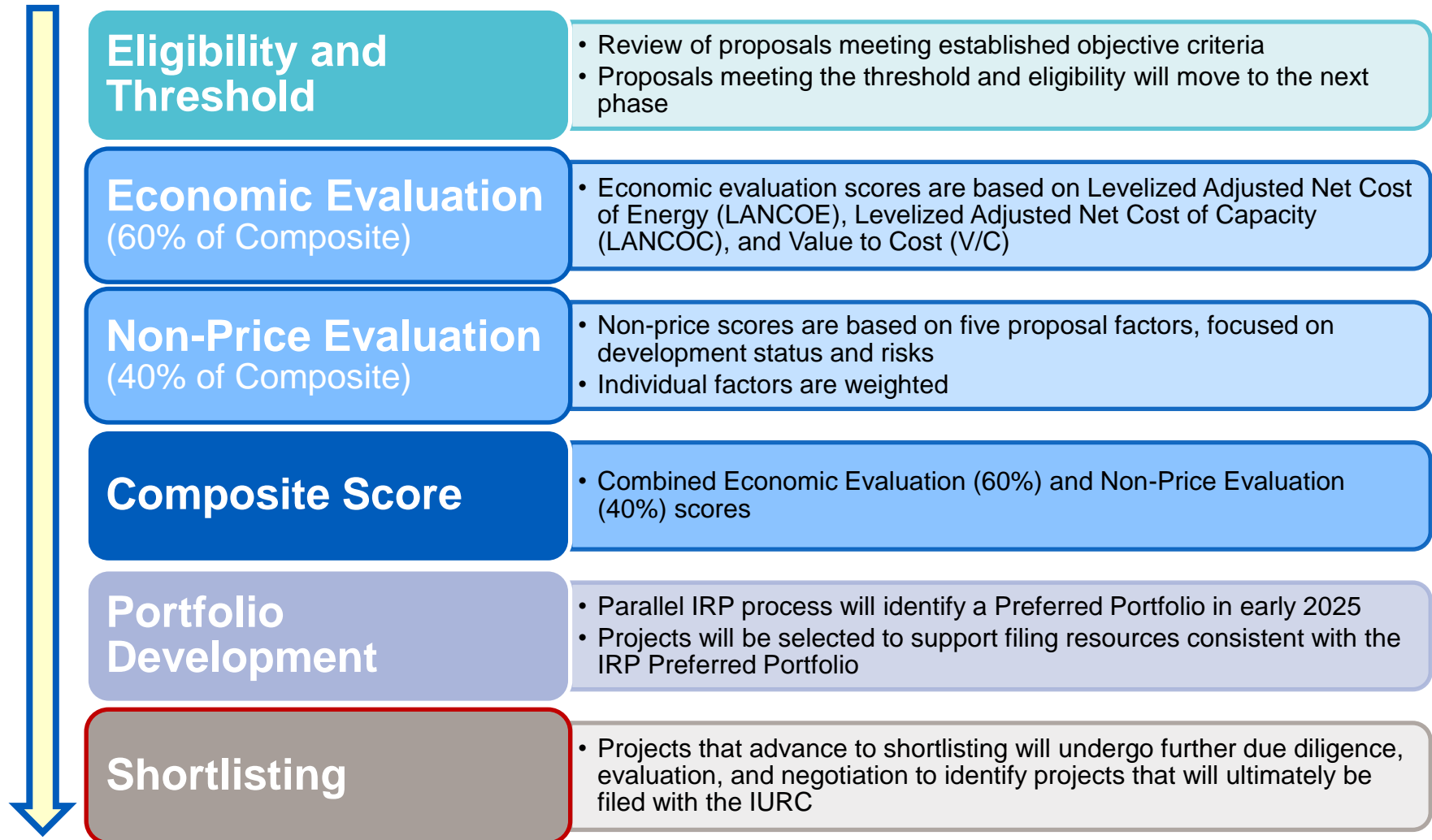
- Introduction
- Scope of the 2024 RFPs
- Evaluation Criteria
- RFP Development Process and Timeline
- Stakeholder Feedback Process
- Q&A

Eligibility and Threshold Criteria

1. **Contract Type:** PSA or PPA (inc. CPA for RFP 4)
2. **Expected COD / Start Date:** Available by 2029 planning year
3. **Minimum nameplate rating:** 20 MWac (RFP 1 & 3), 100 MWac (RFP 2), 5 MWac (RFP 4)
4. **Location:** RFP 1,2, and 4: Interconnection point in IN, MI, OH, IL, WV, or KY with preference for AEP wires.
RFP 3: IN or MI and connected to AEP wires
5. **Interconnection:** 1) PJM - Phase 1 Study, 2) MISO - Phase 1 study (w/ Firm Transmission to PJM), or 3) I&M - Distribution Impact Study
6. **Site Control:** must be established by Bidder.
7. **Technology specific requirements:**
 - **RFP 1 & 3:** must be compliant with AEP approved vendors
 - **RFP 2 & 4:** Asset will be, or have been, built using utility grade equipment, components, and materials. Emerging Technology Projects must be for a proven technology and be commercially feasible.
8. **Resource Information:** Bidder must submit all required information by resource type identified in the RFP
9. **Experience Threshold:** Development and EPC of the same type of project and of comparable size within the United States or Canada
10. **Credit Information:** [Must meet AEP's minimum credit package requirements guidelines and verify inclusion in price](#)
11. **Contract Exceptions:** Exceptions to Form PSA and Form PPA must be complete; [must verify compliance with AEP's required contractual terms and conditions](#)
12. **AEP Generation Facility Standard and Scope of Work:** Provide bidder's design standards for PPAs, [comply or identify exceptions with AEP's standards for PSAs](#)

Evaluation Criteria

Process



Evaluation Criteria

Economic Criteria – 60%

Proposals will be evaluated using multiple economic metrics to best capture the costs and value streams relevant to different Resource Types

Price Metric	Calculation	RFP
Levelized Adjusted Net Cost of Energy (LANCOE)	$\frac{\text{PV Total Cost} - \text{PV Total Value}}{\text{PV Expected Lifetime Energy Output (MWh)}}$	RFP 1
Levelized Adjusted Net Cost of Capacity (LANCOC)	$\frac{\text{PV Total Cost} - \text{PV Total Value}}{\text{PV Accredited Capacity Value (MW)}}$	RFP 2 – 4
Value to Cost (V/C)	$\frac{\text{PV Total Value}}{\text{PV Total Cost}}$	RFP 1 – 4

Evaluation Criteria

Further Detail on Total Cost Components

Component of Total Cost	Definition
Proposal Bid Price	<ul style="list-style-type: none">Bid prices are adjusted to include estimated interconnection, network upgrade, contingency, and owner's costs (PM, IT, Telecom, etc.)
O&M Costs	<ul style="list-style-type: none">Operations and maintenance costs for the facility, inclusive of land lease, auxiliary load, insurance, and property taxes
Tax Expenses	<ul style="list-style-type: none">Federal and state taxes
Federal Tax Credit	<ul style="list-style-type: none">Project specific
Fuel Costs	<ul style="list-style-type: none">Any necessary fuel adders associated with bidder's proposal, including current fuel arrangements and pricing mechanisms
Decommissioning Costs	<ul style="list-style-type: none">Retirement costs, expected salvage value, and terminal value
Transmission Congestion Cost ¹	<ul style="list-style-type: none">Marginal cost of congestion at a given node or external node relative to the load-weighted average of the system node prices

¹: Only calculated for shortlisted projects. Estimated values will be used for initial shortlist selection

- Not all Proposals (ex. PPA/PSA) include all Total Cost components
- All costs are evaluated at present value
- Other costs may be included based on I&M's discretion to appropriately evaluate each Proposal

Evaluation Criteria

Non-Price Criteria – 40%

- A total of five non-price factors will be considered in the evaluation process for each proposal.
- The five non-price factors are further grouped into three categories

Category	Factors
Development Status and Risks	<ul style="list-style-type: none">• Local Approval Status and Risks• Interconnection Status and Risks
Asset-Specific Benefits and Risks	<ul style="list-style-type: none">• Resource Optionality and Flexibility• Project Timing
Environmental Impact	<ul style="list-style-type: none">• Environmental and Wildlife Impact and Permitting

Evaluation Criteria

Non-Price Criteria – Other Considerations

- The total non-price score for a proposal will be calculated by taking the sum of the weighted scores for all factors.
- 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 in consultation with the Independent Monitor.

Agenda

- Introduction
- Scope of the 2024 RFPs
- Evaluation Criteria
- RFP Development Process and Timeline
- Stakeholder Feedback Process
- Q&A

RFP Development Process and Timeline

Accelerated Timeline

- Feedback is requested to meet the accelerated timeline proposed
- Shortlist selection will coincide with IRP identification of the preferred plan
- RFP Filings – Early Q2 through Q3 2025 (after IRP is filed)
- More than one filing anticipated due to project specific regulatory requirements

Timeline

Task	Completion Date
Stakeholder meeting	Sep 13, 2024
Stakeholder input period	Sep 13 – Sep 25, 2024
Issue Draft RFP	Sep 20, 2024
Issue RFP	Sep 27, 2024
Technical Conference	Oct 4, 2024
Proposals Received	Nov 8, 2024
Selection Process	Q4 2024 – Q2 2025
<i>IRP Preferred Plan Identified</i>	Feb, 2025
Shortlist	Feb, 2025
Regulatory Filings	Q2 2025 – Q3 2025

Agenda

- Introduction
- Scope of the 2024 RFPs
- Evaluation Criteria
- RFP Development Process and Timeline
- Stakeholder Feedback Process
- Q&A

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.
- If parties wish to remain anonymous, please advise CRA in the communication. When advised to do so, 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

Confidentiality Agreement

- To receive the form PPA, PSA, and technical standards, bidders will need to execute a Confidentiality Agreement (CA).
- Bidders may at this time request I&M's Form CA by emailing IMAllSourceRFP@CRAI.com and including the following documentation:
 - Verification of Site Control
 - Verification of Interconnection
- Prospective bidders that execute the form CA and satisfy the site control and interconnection requirements listed above, will receive the documentation, potentially in advance of final RFP issuance.

Agenda

- Introduction
- Scope of the 2024 RFPs
- Evaluation Criteria
- RFP Development Process and Timeline
- Stakeholder Feedback Process
- Q&A

Questions and Comments

At this time, if you have a question or comment, please:

- 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.

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.