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Information Session: AES Indiana All-Source RFP

Presentation by Sargent & Lundy

April 2022

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This presentation will be posted to [RFP Information Website](#).

Introduction



Introduction—AES Indiana

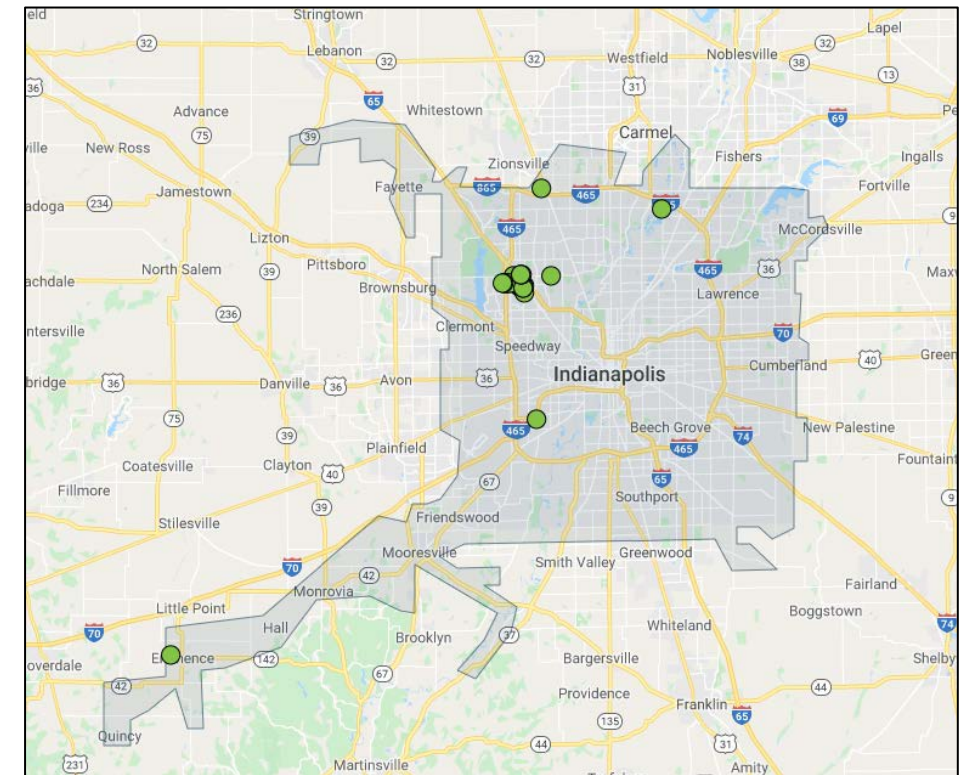


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- Generates, distributes, and sells electricity to 500,000+ customers in greater Indianapolis area
- Subject to regulation from Indiana Utility Regulatory Commission (IURC) and FERC
- Participates in MISO market
- Soliciting offers for near-term capacity and energy
 - Engaged Sargent & Lundy as all-source RFP independent manager

MISO Zone 6



- Next Integrated Resource Plan (IRP) round scheduled for completion in mid-to-late 2022
- “Preferred Resource Portfolio” represents most likely scenario based on factors to be known by IRP submission
- RFP to fill some/all energy needs in “Preferred Resource Portfolio” upon conclusion of IRP process
- RFP focuses on potential capacity replacements in MISO planning years 2025–2026, 2026–2027, and/or 2027–2028
 - Potential need: 500–600 MW

Milestone Schedule

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Milestone Schedule



Milestone	Date
RFP Published	April 14, 2022
RFP Webinar	April 21, 2022
Submission Deadline: Clarifications	May 3, 2022 (5:00 p.m. CST)
Submission Deadline: Replacement of Existing Generating Facility Proposal	May 16, 2022
Submission Deadline: Proposal	May 19, 2022
Selection of Short-Listed Proposals	Q3 2022
Selection of Proposals for Negotiation	Q1 2023
Due Diligence and Negotiation Period	Q1–Q2 2023
Final Agreement Execution	Q2 2023

Late proposals will not be accepted

Clarification Submittals

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Question Submittals

- All submittals to use the question form on RFP website
- Written responses to be posted on RFP website
- Identifying information from questions to be removed
- Requests for additional information to be sent to AESI2022ASRFP@sargentlundy.com

Under no circumstance should respondents directly contact AES Indiana or Sargent & Lundy employees about this RFP

Scope of Supply

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Scope of Supply—General

- Must meet MISO reliability agreements, procedures, and standards
- Energy settled or directly delivered to the IPL.IPL node preferred
 - Otherwise, resources must have energy settled/delivered to (at least) Indiana Hub
- Must qualify for zonal resource credits for MISO LRZ 6 consistent with MISO planning resource auction
- Proposals may be asset transfer agreements or PPAs

Eligible Capacity Resources (New, Existing, or Repowered)
Wind
Solar
Battery (can be paired with other resources)
Thermal
Hydrogen
Geothermal

Scope of Supply—General

Items to be identified and included in each proposal:

- Costs of required infrastructure, if applicable
- Costs of property, state, and local taxes and tax abatements
- Specific point(s) of interconnection, including type(s) of transmission service
- Nodal economic analyses under base case (n-1) and outage scenarios (n-1-1) to identify expected congestion impacts on energy production (asset transfer/PPA only)
- Tax credit qualification plan, if applicable

Must use an existing proven technology available for the 2025–2026, 2026–2027, and/or 2027–2028 MISO planning years

General Characteristics:

- Transfer of land rights controlled by respondent to AES Indiana
- Transfer of assets during development phases is acceptable but must have, at minimum, completed early phase development activities as defined in the RFP
- Proposals with transfers of an existing, operating facility is acceptable
- Use of the contract templates included in RFP Appendixes E–I, as applicable

Scope of Supply—PPAs

Characteristics:

- Minimum of 3 years and maximum of 30 years
- Renewable or thermal source(s)
- Start date in MISO planning years 2025–2026, 2026–2027, or 2027–2028
- Qualification for zonal resource credits for the planning resource auction
- Fuel delivery history for the last 5 years describing fuel: (a) sourcing; (b) supply contract provisions; and (c) supply and storage infrastructure
- Explanations of operating limitations under environmental and other permits
- Explanations of identified environmental liabilities (e.g., potential site remediation requirements)
- Utilization of contract template in RFP Appendix J

Scope of Supply— Resource Replacement

Characteristics: MISO Generator Interconnection Replacement

- Utilization of remaining interconnection rights associated with Petersburg Generating Station Unit 2 retirement; not to exceed 200 MW
- Demonstration of site control, including an easement to reach the Petersburg Generating Station property boundary
- Submission of proposals, no later than May 16, 2022, to determine suitability and meet the MISO filing deadline of May 31, 2022

Evaluation and Submittal Requirements

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Proposal Evaluation—Overview



Phase 1:

Initial screening and shortlisting based on initial qualitative and pricing evaluation

Phase 2:

Selection for negotiations based on detailed qualitative and economic evaluation of shortlisted proposals

Proposal Evaluation—Phase 1

- Categorize proposals by technology
- Review information in proposal data forms
- Calculate LCOE
- Develop initial qualitative score from 5 categories
- Shortlist highest scoring proposals in each category
- Evaluate delivery risks associated with proposed locations

Initial Qualitative Scoring

Category	Available Points
LCOE Evaluation	500
Technical Viability	100
Project Development Status	200
Respondent Experience	100
Financing Plan and Qualifications	100
Total	1000

Proposal Evaluation—Phase 2



- Refines Phase 1 pricing evaluation and determines cost effectiveness of the shortlisted proposals
- Qualitative criteria detailed in RFP
- Following Phase 2 evaluations, evaluation team will recommend proposals to AES Indiana to proceed with contract negotiations
- During negotiations, AES Indiana will conduct additional due diligence on the proposals:
 - onsite visits
 - management interviews
 - environmental, legal, regulatory, and real estate due diligence
 - detailed engineering assessments
 - facility dispatch modeling

Submittal Requirements

- Formatted per RFP Section 3
- Same contact name, email address, and company name for each uploaded document
 - Respondents cannot see or edit uploaded documents once sent

Proposal Quantity	Fee
First 3 proposals*	\$0
Each proposal thereafter*	\$5000/proposal

- *Sargent & Lundy will determine whether a submission is deemed a single or multiple proposal
- Generally, proposals with identical characteristics (e.g., site, technology, size, etc.) under different structures (i.e., asset transfer or PPA) are considered one proposal

Credit Qualification and Collateral

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Credit Worthiness Standards:

- S&P BBB- or higher rating for senior unsecured debt and/or corporate issuer (or Baa3 or higher for Moody's or BBB- or higher for Fitch)
 - **Minimum investment grade credit rating**—most recently published, unsecured senior long-term debt rating (or corporate issuer rating) of BBB-, Baa3, or BBB- from S&P, Moody's, or Fitch, respectively
- *Alternatively*, credit support from a corporate guarantor that meets RFP requirements
- *Alternatively*, a letter of credit from a U.S. commercial bank, U.S. financial institution, or U.S. branch/subsidiary of a foreign commercial bank/financial institution having or guaranteed to have a long-term unsecured senior debt rating of any two of the following:
 - A3 or better by Moody's
 - A- or better by S&P
 - A- or better by Fitch

Asset Transfers:

- Must post definitive agreement (DA) collateral as determined in accordance with the proposal if selected
- DA collateral must be posted at the execution of the DA and will be in force until transfer of title to AES Indiana

PPAs:

- May be required to post operating collateral over PPA term per terms and conditions of final agreements as negotiated with AES Indiana

Both:

- Collateral must be in the form of either: (a) a letter of credit; or (b) cash

Credit Collateral

Capacity Asset	DA Collateral	Collateral Amount
New Generation Facility	Developmental Security	\$20.00/kW upon execution of DA
New Generation Facility	Developmental Security	\$75.00/kW upon regulatory approval
Existing Generation Facility	Maintenance Security	12 months' expected total O&M expense

Capacity Asset	Operating Collateral	Collateral Amount
PPA	Operating Security	Lesser of \$200/MW or 12 months' expected revenues

Completeness Checklist



Completeness Checklist

RFP Appendix B

- Guide to confirm that all forms have been completed
- Respondents must verify that all information is submitted in line with RFP requirements

Summary

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Key Details Summary

Milestone	Date
Submission Deadline: Clarifications	May 3, 2022 (5:00 p.m. CST)
Submission Deadline: Replacement of Existing Generating Facility Proposal	May 16, 2022
Submission Deadline: Proposal	May 19, 2022

All questions/clarification requests to be submitted through [RFP Q&A | AES Indiana](#)

Thank You
