

HOOSIERENERGY

2022 All-Source Capacity and Energy Request for Proposals

RFP Administrator:



Hoosier Energy Rural Electric Cooperative, Inc.
Request for Proposals for All-Source Capacity and Energy

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1. General Information

1.1. Introduction

Hoosier Energy Rural Electric Cooperative, Inc. (Hoosier Energy) is a not-for-profit generation and transmission (G&T) cooperative serving 18 member electric cooperatives within central and southern Indiana and southeastern Illinois. Together, these distribution partners provide electric service to nearly 307,000 member consumers and serve an estimated 710,000 people in Indiana and Illinois.

1.2. RFP Administrator

The duties of the RFP Administrator for Hoosier Energy's 2022 All-Source Capacity and Energy RFP (All-Source RFP), as further described in Section 3, will be performed by ACES.

ACES' business model provides an established infrastructure of independent energy management practices that supports the verification of, and compliance with, applicable processes, policies, and procedures. ACES manages a significant amount of confidential data through a combination of specific internal guidelines, the company's independent control group, the company's corporate compliance manager, and periodic reporting to the Board of Directors Risk Oversight and Audit Committee. ACES takes its obligations regarding the maintenance of Confidential Information very seriously and will handle all Confidential Information with the highest professional regard.

2. Project Description

2.1. Overview of the RFP

Hoosier Energy is soliciting proposals for reliable and economically competitive energy and demand resources to supply the long-term needs of its members. This resource, or combination of resources, will be needed to meet projected energy and demand needs.

Hoosier Energy requests proposals for all types of resources from all types of suppliers, including, but not limited to, electric utilities, power marketers, exempt wholesale generators, independent power producers, and generation developers.

Hoosier Energy is using this RFP to identify viable resources to serve its projected energy and capacity needs and to provide bidders an opportunity to compete in offering resources to Hoosier Energy. See Section 2 for the broad range of solicited resource types. Further detail is also included in Appendix B.

2.2. Basic Requirements for Proposals

Hoosier Energy will consider supply-side resources and may select a combination of proposals. The following resource types will be considered and are detailed further in Section 2.3 through 2.6:

- Proposals for capacity and energy from a new or existing generation resources

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- Proposals for firm with liquidated damages energy
- Proposals for capacity (e.g., MISO Zonal Resource Credits (ZRCs))
- Proposals for daily call option products

Bidders are responsible for acquiring and maintaining all present and future federal, state, and local approvals, licenses, permits, or variances and the specific requirements to construct and/or operate any generation facilities and associated interconnection facilities. Proposals should include a listing, description, and associated timing for required permitting up to the interconnection point/facilities.

All proposals must be submitted in Eastern Prevailing Time (EPT), unless specified otherwise in Sections 2.3 through 2.6.

2.3. Power Purchase Agreement for New or Existing Generation Resources

Hoosier Energy is requesting proposals from bidders for a variety of generation resources, either new or existing.

Proposals for generation resources shall provide the information required in the Evaluation Form in Appendix B.

Hoosier Energy will accept proposals from all types of generation resources including tolling arrangements. In order to be evaluated, proposals for generation resources must meet the following minimum qualifications:

- Minimum capacity quantity of 25 MW
- Term starting January 1, 2026
- Term lengths: 1 to 20 years
- Generation resources and physical location must be specified
- If shortlisted, bidders must agree to submit an interconnection request for the generation resource to the appropriate transmission provider as part of the next transmission planning cycle
- Bidders are required to have and provide evidence of a feasible site(s) selected and, at a minimum, have a firm option to purchase or lease to demonstrate site control with the landowner(s) and other stakeholders that may impact the execution of the land purchase
- Preference that wind and solar resources include transfer of all environmental attributes, including the Renewable Energy Certificates (REC)
- It is anticipated that capacity resources will qualify for ZRCs, which must be included in the bidder's proposal
 - Zone 6 preferred
 - MISO North and ERZs that correlate with MISO North (Zones 1-7) are acceptable

2.4. Proposals for Firm with Liquidated Damages Energy

Hoosier Energy is open to proposals from bidders for firm with liquidated damages blocks to meet all or a portion of its energy needs.

Proposals for firm with liquidated damages blocks shall provide the information required in the Evaluation Form in Appendix B.

In order to be evaluated, proposals for firm with liquidated damages blocks must meet the following minimum qualifications:

- Minimum quantity of 25 MW
- Term starting January 1, 2026
- Term lengths: 1 to 20 years
- Proposals must be provided as either 5x16, 7x16, 7x24, or 7x8
- Proposals can be provided as seasonal or annual
 - E.g., June through September 2026-2030, Annual 2027-2032, etc.
- Proposals can be for physical or financial energy
- Proposals for Indiana Hub products will be given preference

2.5. Proposals for MISO ZRCs

Hoosier Energy is requesting proposals from bidders for MISO ZRCs to meet all or a portion of its capacity needs.

Proposals for ZRCs shall provide the information required in the Evaluation Form in Appendix B.

In order to be evaluated, proposals for ZRCs must meet the following minimum qualifications:

- Minimum quantity of 25 MW
- Term starting planning year (PY) 2026
- Term lengths: 1 to 20 years
- MISO ZRCs can be paired with energy blocks or offered separately
- Proposals for MISO ZRCs from Zone 6 will be given preference
- Proposals should detail expected impacts of the new MISO Seasonal Construct, if applicable

2.6. Proposals for Daily Call Option Products

Hoosier Energy is requesting proposals from bidders for physical daily call options to meet all or a portion of its projected energy needs. Daily call options can be a heat rate or fixed strike price. Hoosier Energy will consider strike prices for baseload, intermediate, or peaking needs.

Proposals for the daily call option product shall provide the information required in the Evaluation Form in Appendix B.

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In order to be evaluated, proposals for daily call options must meet the following minimum qualifications:

- Minimum quantity of 25 MW
- Term starting January 1, 2026
- Term lengths: 1 to 20 years
- Proposals must be provided as either 5x16, 7x16, 7x24, or 7x8
- Proposals can be provided as seasonal or annual
 - E.g., June through September 2026-2030, Annual 2027-2032, etc.
- Proposals can be for physical or financial energy
- Proposals must specify either:
 - Fixed strike price
 - Heat rate, in terms of MMBtu/MWh
 - Heat rate proposals must identify a published natural gas price index
- Proposals for Indiana Hub products may be given preference

2.7. Multiple Proposals

Hoosier Energy will accept and encourage multiple proposals from a bidder. In the event the same bidder provides multiple proposals, the bidder must indicate whether the proposals are mutually exclusive.

3. Instructions to Bidders

3.1. RFP Proposal Process

Hoosier Energy has posted the 2022 All-Source RFP document and all related appendices on the RFP website:

www.acespower.com/HEREC2022RFP

To participate in Hoosier Energy's 2022 All-Source RFP, bidders must submit a Bidder Registration Form, Appendix A. Upon receipt of the Bidder Registration Forms, the RFP Administrator will acknowledge their receipt via email.

Bidders should note that Hoosier Energy will only accept electronically submitted notices and proposals. Bidders are required to submit all completed forms by the specified deadlines to the Hoosier Energy 2022 All-Source RFP submission e-mail address:

HEREC2022RFP@acespower.com

All proposals must be signed by an officer or agent of the bidder who is duly authorized by the bidder's authorizing governance body to sign and submit such proposals.

All proposals must be registered and submitted electronically via email to:

HEREC2022RFP@acespower.com

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Best and Final Offers will be considered binding, until otherwise notified by the RFP Administrator, for a period not to exceed 120 days from the submission deadline for the best and final offer.

3.2. RFP Schedule

The schedule for Hoosier Energy’s 2022 All-Source RFP is shown in www.acespower.com/HEREC2022RFP

Figure 1 below. As circumstances warrant, Hoosier Energy, in its sole judgment and discretion may change this schedule, and in that event, the RFP Administrator will inform all potential bidders as far in advance as reasonably possible by posting any change on the RFP website:

www.acespower.com/HEREC2022RFP

Figure 1: RFP Schedule

RFP Schedule (Updates will be posted on the All-Source RFP Website)	
Issue Final Version of All-Source RFP	7/25/2022
Q&A on Substantive RFP Issues	7/25/2022-8/18/2022
Open Period for Submission of Bidder Registration Forms	7/25/2022-8/11/2022
Deadline for Submission of Bidder Registration Forms (Appendix A) at 5:00 p.m. EPT	8/11/2022
Open Period for Submission of Proposals	7/25/2022-8/25/2022
Proposals (Appendix B) Deadline at 5:00 p.m. EPT	8/25/2022
Bid Screening and Analysis Period	8/31/2022-11/14/2022
Notification of All-Source RFP Short List (ACES will notify bidders)	11/15/2022
Open Period for Submission of Best and Final Offers	11/16/2022-12/2/2022
Final Bid Analysis Period	12/3/2022-1/12/2023
Notification to Bidders of Recommendation for Award(s)	1/13/2023
Finalize mutually agreeable Contract (subject to Hoosier Energy and participating members' Board of Directors approval)	Jan – Mar 2023

3.3. Modification or Cancellation of the All-Source Capacity and Energy RFP

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Hoosier Energy reserves the right, in its sole judgment and discretion, to modify or cancel its 2022 All-Source RFP. In such an event, Hoosier Energy, via the RFP Administrator, will post a notice on the RFP website, and make a reasonable attempt to notify directly all participants who have filed a timely Bidder Registration Form of any such modifications or cancellation. Hoosier Energy, or the RFP Administrator, shall have no liability or responsibility for failing to make such direct notification to participants.

3.4. Question Process

Hoosier Energy encourages questions and comments from potential bidders about the All-Source RFP. Questions or requests for clarifying information must be directed to the designated RFP email address:

HEREC2022RFP@acespower.com

The RFP Administrator will post questions submitted by bidders, as well as Hoosier Energy's responses to such questions, on the RFP website:

www.acespower.com/HEREC2022RFP

Hoosier Energy's objective in posting these questions and responses is to ensure that all bidders have equal access to non-confidential information that may be potentially relevant to their proposals.

3.5. Bidder Registration

Hoosier Energy and the RFP Administrator will accept bidder registrations during the open submittal period beginning July 25, 2022, and concluding 5:00 p.m. EPT on August 11, 2022. Potential bidders are required to submit a properly completed Bidder Registration Form, Appendix A, to the RFP email address:

HEREC2022RFP@acespower.com

Upon receipt of the electronic Bidder Registration Forms, the RFP Administrator will acknowledge receipt via email.

3.6. Submission of Proposals

Through the RFP Administrator, Hoosier Energy will accept proposals during the open submittal period starting July 25, 2022 through 5:00 p.m. EPT on August 25, 2022. Only electronically submitted proposals will be accepted.

Bidders are required to submit all completed forms by the specified deadlines to the RFP email address:

HEREC2022RFP@acespower.com

All proposals must be submitted in accordance with the instructions and on the form provided in Appendix B.

Proposals must be signed by an officer or agent of the bidder duly authorized to make such proposals by the bidder's Board of Directors or comparable governing body for an unincorporated bidder.

All proposals will be treated as confidential and will be subject to all governing regulatory requirements.

Any proposal(s) identified as non-conforming will be segregated for discussions with the bidder and the bidder will be allowed the opportunity to correct any nonconforming aspect of its proposal.

3.7. Proposal Evaluation

Hoosier Energy and the RFP Administrator will conduct an initial review of all proposals for responsiveness and viability. Proposals that satisfy the initial review will be evaluated using an objective assessment mechanism incorporating multiple criteria including, though not necessarily in order, the following:

1. Cost of firm capacity and net economic value to portfolio
2. Developer experience
3. Creditworthiness
4. Ability to reduce exposure to commodity price volatility
5. Adaptability of proposals to future market structures and design, and potential future regulatory requirements
6. Ability to provide environmental benefits, such as reducing the portfolio's total emission output or provide RECs

Hoosier Energy will evaluate intermittent resources proposed in combination with other proposals and existing Hoosier Energy resources to identify the optimal portfolio resource mix considering reliability to provide regulating reserves and output during peak hours.

3.8. Credit and Contract Analysis

The RFP Administrator will evaluate the creditworthiness of bidders (or their parent organizations) through a credit assessment, which, at a minimum and in line with industry standards, may include the following factors:

- Tangible net worth evaluation
- Historical and projected measures of cash flow and liquidity
- Historical and projected leverage
- Calculation of credit ratios

Other credit risk issues may also be evaluated, including, but not limited to, earnings volatility; risk management practices; the status of ongoing legal, regulatory, or other governmental processes or proceedings or significant contract negotiations; and other pertinent factors that impact ongoing operations.

As part of this process, the RFP Administrator may request further financial information from bidders (or their parent organizations) and may consider additional confidentiality agreements with such bidders (or their parent organizations) to protect such information, as appropriate.

The credit evaluation process may also include, but is not limited to, reviewing the unsecured or issuer credit ratings issued by Standard & Poor's, Moody's, and/or Fitch, if applicable, and ratings issued by Dun & Bradstreet. Hoosier Energy and the RFP Administrator may require any successful bidder (or its parent organization) to post a form of credit support to ensure the bidder's performance under the proposed transaction. The amount of credit support will be determined by the RFP Administrator's credit evaluation of bidders' (or their parent organizations') credit condition and determination of financial obligations of the bidders and the potential costs to replace the proposed transaction.

Credit support must be in a form acceptable to Hoosier Energy and the RFP Administrator and may include a parental guarantee from a creditworthy entity, a letter of credit from an investment grade financial institution, cash on deposit in escrow, or equivalent credit support. In addition to the considerations above, Hoosier Energy and the RFP Administrator will consider the credit support customarily and ordinarily required in similar transactions compared to the proposed transaction.

The RFP Administrator will evaluate the PPAs provided by bidders to determine the appropriateness of the terms and conditions in addressing the needs of Hoosier Energy. The RFP Administrator will consist of a multi-disciplinary team and will support Hoosier Energy in making the final assessment of the reasonableness and appropriateness of the proposed terms and conditions.

3.9. Confidential Information and Confidentiality Agreements

Hoosier Energy, the RFP Administrator, and Hoosier Energy's Board of Directors will treat all proposals submitted by bidders as confidential.

In the event Hoosier Energy and the RFP Administrator, in their judgment and discretion, determines that information contained in any question, response, or other communication between it and a bidder, which is not contained in the bidder's proposal, requires confidential treatment, an appropriate Confidentiality Agreement, Appendix C, will be submitted to the bidder. Otherwise, Hoosier Energy will ensure all bidders have access to the same information from Hoosier Energy, and that no bidder will have selective or otherwise preferential access to non-public market sensitive information from Hoosier Energy through its 2022 All-Source RFP.

4. Approvals

A bidder whose proposal is selected by Hoosier Energy and approved by Hoosier Energy's Board of Directors will be solely responsible, financially, legally, and otherwise, as applicable, for acquiring and maintaining all necessary creditor and other third party authorizations and consents necessary or appropriate to effectuate the selected proposal, including all authorizations, permits,

licenses, consents, and approvals associated with a selected proposal, as well as compliance with any and all governmental rules and regulations for the construction and operation of the assets or project identified in the proposal. A bidder whose proposal is selected will be solely responsible for obtaining and maintaining financing for its project.

5. Reservation of Rights

Hoosier Energy reserves the right, in its sole discretion, to reject any and all Proposals submitted as part of this 2022 All-Source RFP process for any reason. Hoosier Energy may request additional information to complete its evaluations. Respondents who submit proposals do so without recourse against Hoosier Energy for rejection or failure to execute an agreement for any reason. Hoosier Energy will not reimburse any cost incurred in the preparation or submission of a proposal or any subsequent negotiations regarding a proposal. Hoosier Energy reserves the right to terminate this 2022 All-Source RFP process at any time, without notice and with no obligation to purchase or continue negotiations.