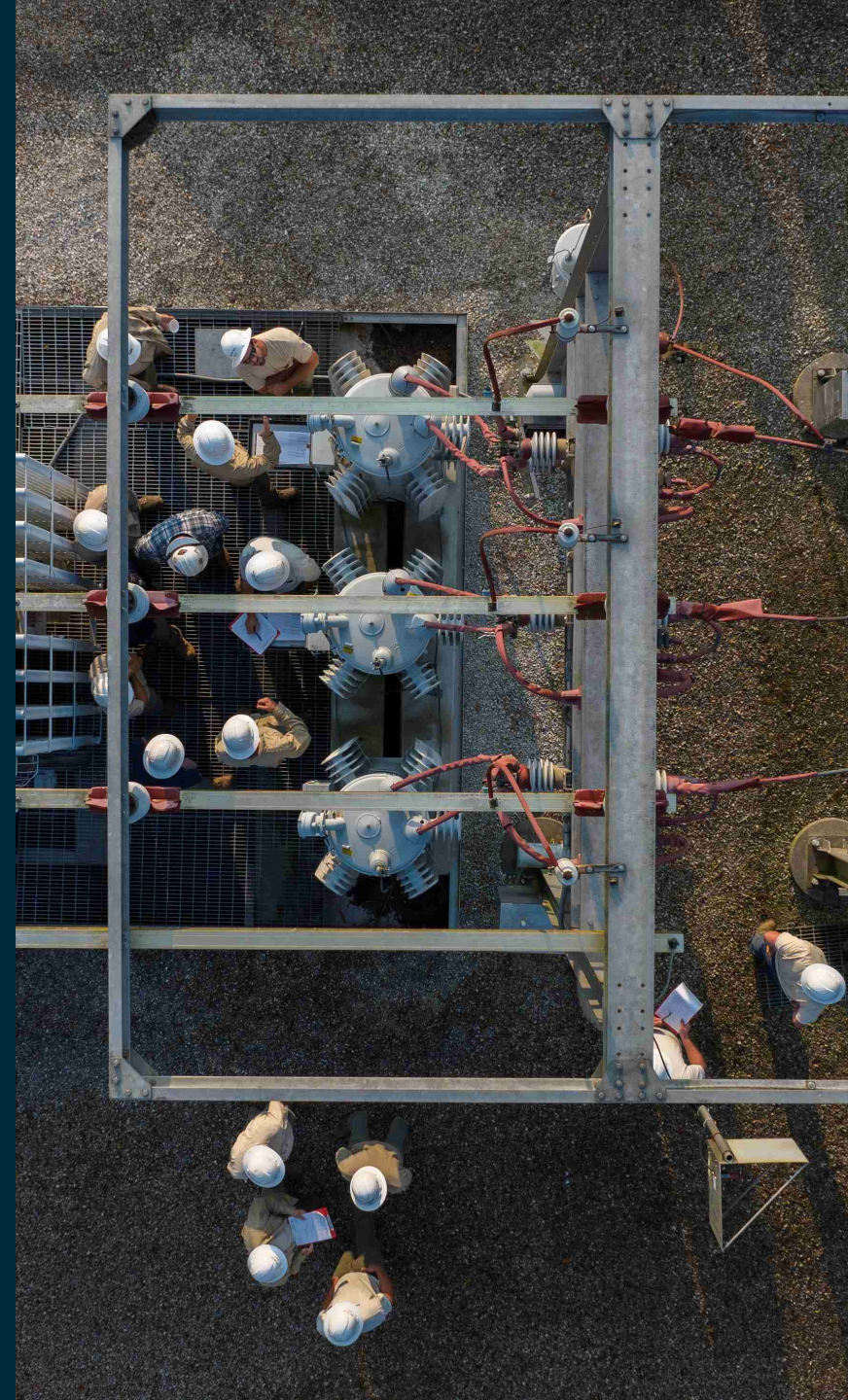


HOOSIERENERGY

Summer Reliability Forum

Indiana Utility Regulatory Commission

Donna Walker - President & CEO
May 3, 2023



About Hoosier Energy

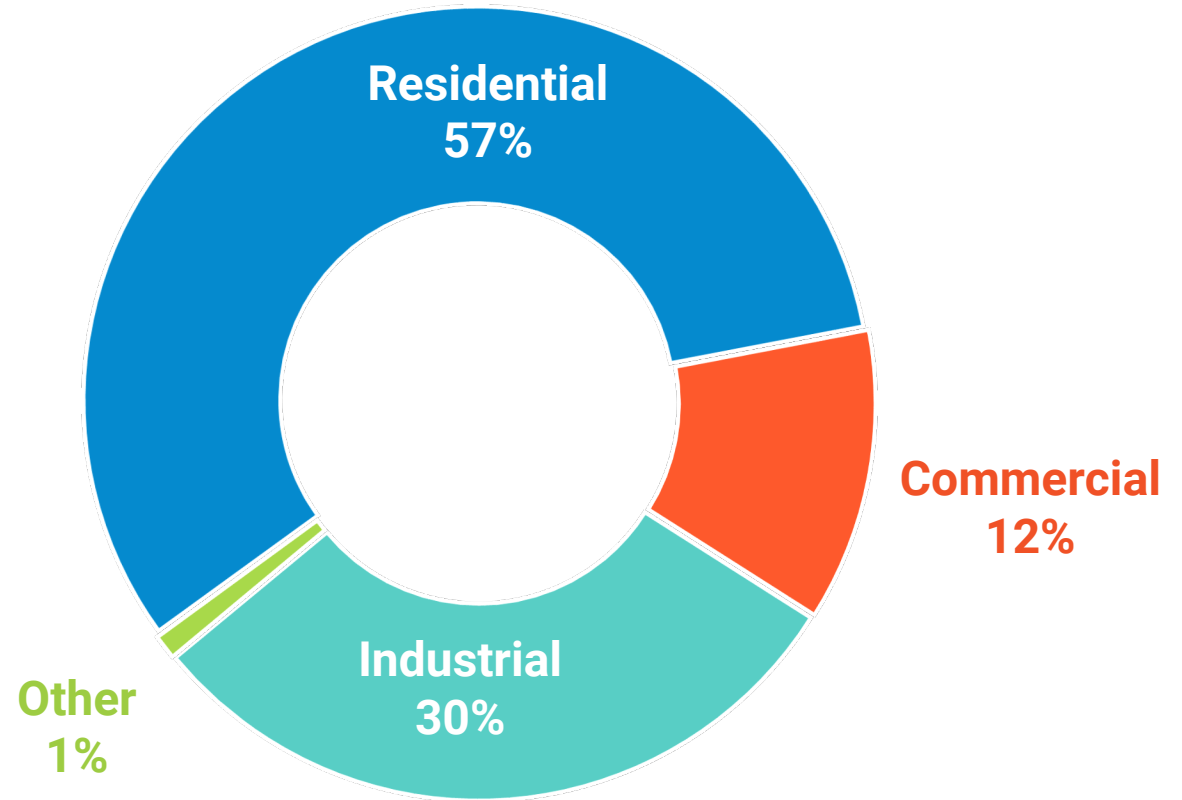
- Non-profit
- 18 member systems in southern Indiana and southeastern Illinois
- Member of MISO and PJM
- Approximately 1,730 miles transmission line
- 28 transmission stations and 321 delivery points
- Interconnections with 7 major utilities
- All-time system peak 1,828 MW
- 284 employees
- Patronage capital returned - \$178M



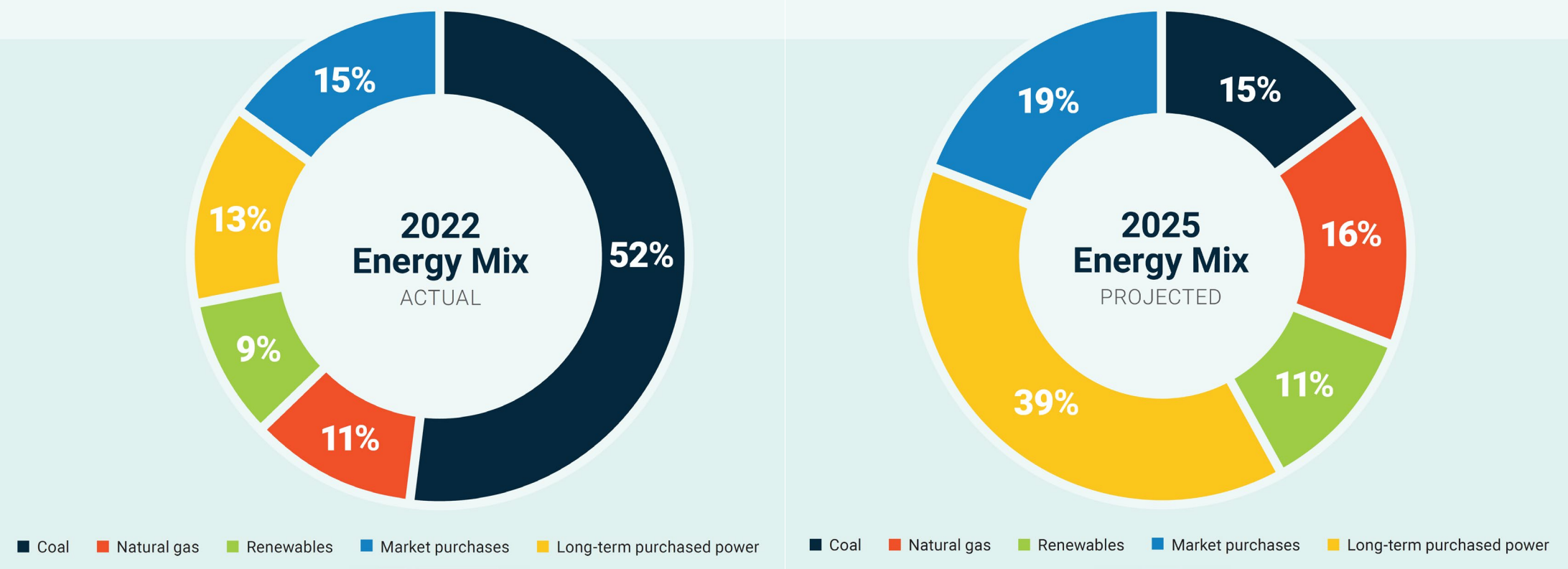
Member Systems

Energy Profile

- Diverse retail customer mix
- No single customer constituted more than 3% of the members' 2022 aggregate billings
- No single member constituted more than 10% in 2022



Resource Portfolio



- Renewables include solar, wind, hydro, landfill gas
- Long-term purchased power/market purchases contain a blend of power from various generation sources

Reliability Forum Q&A

Fuel Supply & Reliability Planning

- Fuel supply strategy ensures operations remain reliable, efficient and competitive, regardless of fuel type
- For natural gas, goal is to ensure fuel supply reliability at competitive prices
 - Enables generating capacity to be competitively offered into the day-ahead and real-time MISO markets on a daily basis
- In evaluating natural gas purchasing strategy and execution, consider core values of being reliable, efficient and competitive
 - **Reliable** – Provide for a timely, reliable supply of natural gas in the quantities necessary to meet the burn requirements of the generating facility
 - **Efficient** – Meet operational needs of generating facilities
 - **Competitive** – Provide lowest evaluated cost, incorporating various potential operating impacts as identified in the compatibility and reliability valuation process

Fuel Supply & Reliability Planning

- Primary supply agreements are 1-3 years
 - Allows for effective evaluation of potential suppliers that could further enhance reliability or reduce associated costs
 - Includes transportation, imbalance charges, etc.
 - Procurement flexibility provides ability to respond to changing market conditions
- Long-term investment in reliability
 - Natural gas is an important fuel source supporting industry transition to renewables
 - Currently evaluating ownership/construction of new natural gas generation
 - Options exist to contract with developers to build and purchase as well

RTO Changes & Engagement

- Ongoing committee and stakeholder engagement at MISO and PJM to monitor market changes, resource adequacy and planning issues
- Closely monitor and engaged in developments related to:
 - MISO's changes to the resource adequacy construct, seasonal accreditation processes, and outage scheduling and planning parameters
 - Planning changes to MISO's market design related to demand curves, fixed resource adequacy plans and compensation mechanisms
 - Natural gas/electric coordination efforts and the impact of market alignment efforts

Spring Maintenance Outages

- All spring outages scheduled with MISO to be complete by May 15
- Robust internal outage coordination/optimization between generation and transmission operations, especially given recent changes in MISO seasonal construct
 - Coordination with neighboring utilities, MISO, and distribution members
- Currently engaged in several efforts related to severe weather event in early April
 - Completing damage assessments and coordinating with FEMA and RUS
 - Identifying replacement infrastructure and inventory replenishment opportunities
 - Ongoing repair efforts to restore critical transmission infrastructure to service for summer

Severe Weather Preparedness

- Multiple vendors for assessing severe weather conditions
- Internal models updated frequently for holistic view of forecast horizon
 - Local/regional demand, transmission congestion, MISO pricing/reserve margins, etc.
- Notification of a pending weather event prompts a procedural refresher, assessment of market and operational conditions (energy, gas, pipeline), and implementation of a management plan
 - Internal communication frequency increases immediately to multiple contact points per day
 - Plan consists of supplier engagement/communications, MISO offer strategies (including risk management), and plant availability/coordination
- Communications meeting with internal stakeholders and member distribution systems to ensure appropriate contacts and approval authorities are available and engaged

RTO Hot Weather Alerts & Capacity Advisories

- Contact gas suppliers for potential pipeline interruptions or Operational Flow Order (OFO) conditions
- Report NOx limited constraints to be compliant with environmental emission limitations
- Notify load modifying resources (LMRs) for potential deployment
 - Estimated value of approx. 25 - 30 MW
- One week prior to anticipated event:
 - Test communication systems (including backup power supplies)
 - Review available internal and contract labor resources and develop plans for labor availability
 - Review equipment, tools, fuel supply
 - Initiate plans to return all transmission system components that may be unavailable for maintenance outages, if possible
 - Return generation resources, if possible
- As an event develops, closely monitor neighboring systems, increase control center staffing, and change/develop strategies to address severity and system needs

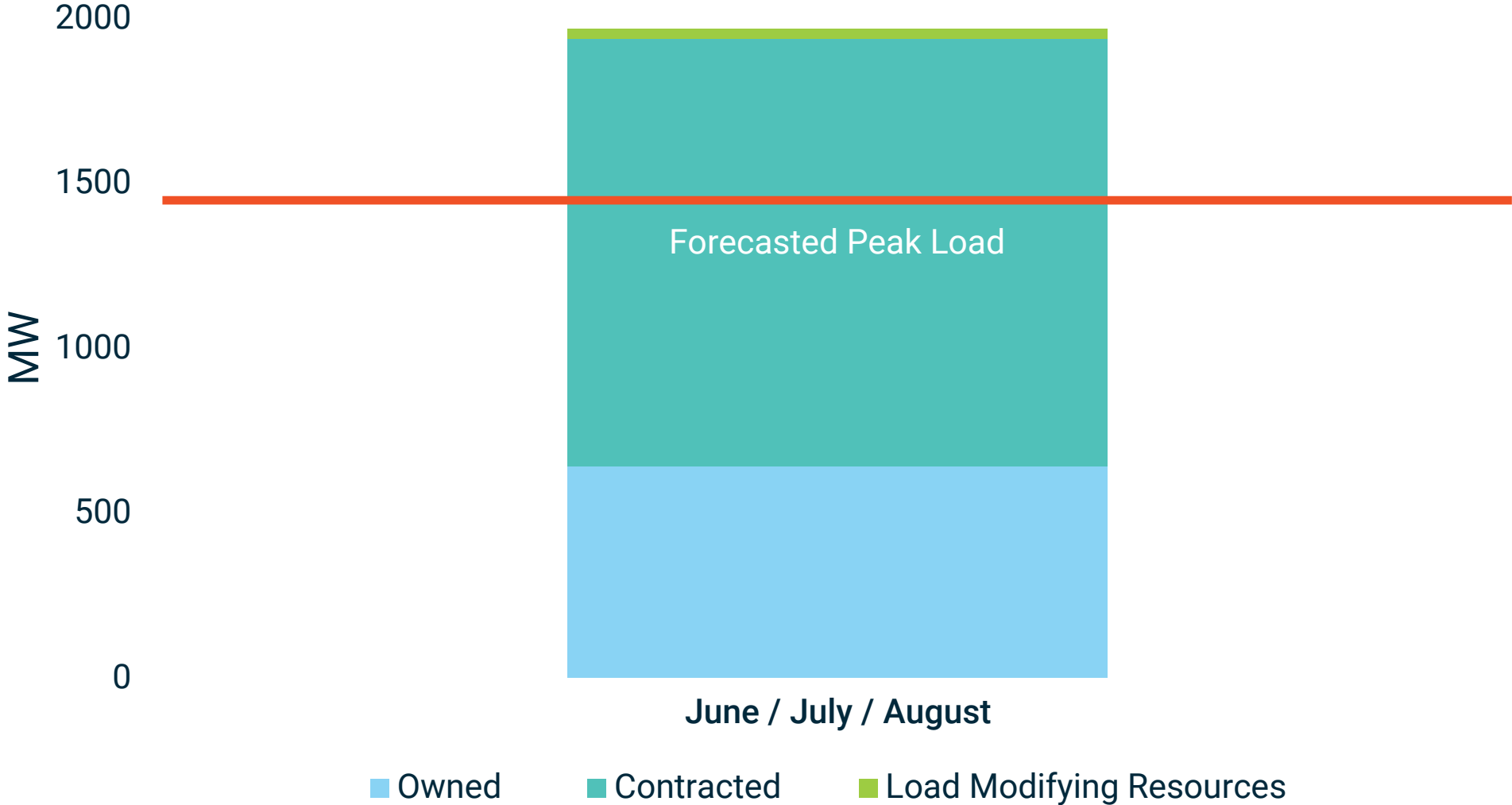
Limiting Outages & Speeding Restoration

- All storm events different in terms of characteristics
- When considering storms with similar characteristics (lightning, straight line wind, tornado, hail), Hoosier Energy has not seen an increase in tree-related outages
- Maintain robust vegetation management practices, which helps to limit outages
 - Significantly increased efforts to identify and remove trees that present dangerous obstacles, including safety hazards outside of normal maintenance cycle (dying ash trees)
 - Preventative maintenance tasks, including aerial and ground patrols/inspections
 - Actively engaged in widening property easements for critical transmission facilities; additional purchases considered, if warranted and whenever possible
 - Installation and evaluation of automated switching opportunities to enable remote sectionalizing and improved outage restoration times

Supply Chain Issues

- Ongoing supply chain disruptions creating significant impact
 - Delayed and/or modified projects to allow use of available material
 - Project decisions concerning line functionality (operability)
 - Delays and increased uncertainty in resource planning and procurement negotiations regarding commercial operation dates (CODs)
 - Uncertainty makes contract negotiations more challenging because of increased risks parties are attempting to navigate
- Hoosier Energy planning efforts reflect changing dynamics around projects and long-term resource considerations
 - Increased inventory of long-lead-time components, including increased minimum order/stocked quantities
 - Periodically soliciting suppliers and reviewing long-lead-time components
 - Collaborating internally and externally to develop innovative solutions

Projected Summer Peak Load & Supply Portfolio



Renewable Energy Variability

- No concerns regarding ability to meet consumer demands in summer 2023
- Potential for LMR deployment during critical peak demand periods
- Loss of dispatchable resources due to retirements – combined with influx of intermittent resources that have different operating characteristics – presents risks that must be identified and managed
- Resource performance and contribution to overall system capacity needs differ based on type of resource and respective operational attributes

Discussion

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