

RFP Instructions & Guidelines

Consumers Energy Company (“Consumers”, “CEC” or “The Company”) is exploring a sale of selected hydroelectric generating assets. The Company has engaged Clear Energy Brokerage & Consulting (“Clear Energy”) to assist in the process and to act as RFP Manager. Participants should fully read this RFP Instructions and Guidelines document prior to submitting any questions or bids.

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RFP Manager Contact Information

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Disclaimer

The Company reserves the right to reject any or all proposals, either in whole or in part, without explanation and waive any irregularities therein. This Request for Proposal (RFP) does not constitute an order or any obligation on the part of Consumers. Consumers is not liable for any costs associated with the preparation of Bidders' proposals or for any other costs incurred by Bidders prior to the execution of a Contract. The Bidder shall notify the RFP Manager via the PowerAdvocate Platform immediately following the discovery of any apparent omissions or conflicts noted in this RFP. The Company and its RFP Manager have the authority to interpret and explain all sections of this RFP; and interpretations, explanations, and decisions by either or both of them will be final and binding. If any Bidder is in doubt as to the meaning of any part of this RFP, submit a written request to the RFP Manager for interpretation. These instructions provide directions to prepare and submit a proposal in response to this RFP. These instructions and any addenda thereto shall supersede all oral statements or instructions of representatives of the Company. All responses, inquiries or correspondence relating to or in reference to this RFP, and all reports, charts, displays, schedules, exhibits and other documentation produced by Bidders will, when received by Consumers, become the property of Consumers and will not be returned to the Bidder. The RFP and all attachments are considered to be confidential by Consumers and Clear Energy. Each Bidder shall exercise the same degree of care to protect the confidentiality of these documents and their contents as they would exercise in protecting their own confidential information, and otherwise abide by all provisions of the Confidentiality Agreement between Consumers and such Bidder in connection with this RFP.

Affiliates of Consumers Energy (e.g., NorthStar Clean Energy Company) are not permitted to submit proposals into this RFP. Consumers Energy reserves the right to allow the Company's self-performed proposals to be submitted into this RFP.

Use of Power Advocate, Q&A

This RFP will utilize the PowerAdvocate system. Participants are encouraged to carefully read all information and instructions provided on this platform. Communications with the RFP Manager should be done via the messaging system on the platform.

Questions are to be submitted via the Messaging tab on the PowerAdvocate platform. Questions and answers will be posted to Tab 1: Download Documents 'Questions and Answers' located on the platform. All questions and answers will be viewable by all respondents. Questions may be submitted at any time and the RFP Manager will work to answer questions as quickly as possible. Please prioritize questions and information requests with a high, medium or low priority indication. Questions will typically be answered in order of priority. Clear Energy, via PowerAdvocate, will be the sole point of contact for all questions and information requests.

Additional information may be uploaded to the platform, either in response to a question from a respondent, or as it becomes available and is deemed relevant to the process. Participants will be notified of any new material via the messaging system.

Process and Timeline

Clear Energy will follow a two stage RFP process. Stage One will provide summary information on the portfolio sufficient to allow interested parties to determine their interest and formulate initial, indicative bids. It is understood that Stage One bids are non-binding and subject to change depending on additional due diligence that may be performed during Stage Two. Should CEC elect to proceed, successful Stage One bidders will be invited to proceed to Stage Two.

Stage Two will allow bidders access to the facilities themselves and will provide additional, detailed data. A data room will be opened that contains information on each project. Site tours and inspections will be available during this time. Bidders participating at this stage will have time to formulate firm bids that will be presented to CEC leadership who will select one or more lead candidates for contract negotiations. No transaction will be binding on any party until it and CEC execute definitive agreements consistent for a sale of this type.

The timeline for this process is as follows (dates may change):

	Item	Start Date	End Date
Stage One			
1	Campaign Launch	02/02/24	02/15/24
2	RFP Event. Bids due by 5:00PM EST 03/15/24	02/15/24	03/15/24
4	Consumers Energy Company Decision Cycle	03/18/24	04/08/24
5	Notification to Bidders		04/09/24
Stage Two			
6	Data Room Opened		TBD
7	Site Inspections, Q&A with Management, and Related	TBD	TBD
8	Final Bids Due		TBD
9	Consumers Energy Company Decision Cycle	TBD	TBD
10	Notification to Bidders		TBD
11	Contract Negotiations with Selected Party	TBD	TBD

Stage One Information

Stage One information is all contained within the Power Advocate system and can be found under Tab 1: Download Documents. There are nine documents available:

1. RFP Instructions and Guidelines (this document)
2. Confidential Information Memorandum
3. Monthly Generation Data
4. Historical Financial Information
5. Historical CAPEX & Major Maintenance
6. Projected CAPEX & Major Maintenance
7. Summary Dam Information Spreadsheet
8. Questions and Answers
9. Bid Form

Stage Two Information

Stage Two information will be available via a virtual data room opened to successful Stage One bidders, and further instructions will be issued as part of Stage Two.

Deal Structure

The transaction will be an asset purchase of the hydro facilities, related real estate rights and all equipment, tools, etc., that are necessary for the successful operation of the facilities. CEC is maintaining the facilities at a high safety and operational standard and will continue to do so throughout the RFP process. The facilities will be sold on an “As-Is” condition at close. There may be some site-specific equipment that the Company may require ongoing access to after closing, which will be detailed in Stage Two. Any transaction for the hydro facilities will require a FERC license transfer. There is no option for a stock sale of either an individual facility, or the portfolio. No debt is assigned to the facilities, but environmental and all other liabilities or encumbrances—including easements, licenses and other agreements involving the purchased property—will transfer to the new owner.

CEC Preferences

CEC prefers to engage in a transaction with one bidder for all thirteen facilities but will consider a partial sale of the facilities to different entities if that will provide the most attractive ultimate outcome for CEC. The goal is to identify a partner that has the expertise, financial capability, and desire to own, operate and care for the facilities over the long term.

The ideal purchaser of these assets will serve as a positive partner for the communities in which the hydro facilities are located. They will also be sensitive to each community’s unique needs and desires, and the historical nature of the facilities.

Required Approvals

The final transaction will require various regulatory approvals and / or input, including, but not limited to;

- The Federal Energy Regulatory Commission (FERC),
- The Michigan Public Service Commission,
- Expiration of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act.

Instructions for Completing the Bid Proposal (Stage One)

Bid Format

Since the Company's strong preference is to identify a purchaser(s) who will continue to operate the facilities, the company is offering a bid option where the purchase price per facility is set at one dollar (\$1.00) and the Company will execute a Power Purchase Agreement (PPA) for each facility's output. Such PPAs will be for 30 years, inclusive of Energy, Capacity and Renewable Energy Credits (RECs). RFP respondents are requested to bid a fixed dollar amount per MWh. All other factors being equal, the lowest amount per MWh would be the successful bid. RFP respondents must provide PPA pricing on a *per facility* basis using the 'Bid Form' located in Tab 1: Download Documents on the platform. Bidders must also provide any premium (or discount) offered (or required) if bidding on the entire portfolio, applicable to each facility.

Example PPA Bid Form

Facility Name	Required PPA Price / MWh
Project One:	\$65
Project Two:	\$45
***	***
Project Thirteen:	\$85
Portfolio Premium / (Discount):	+10%

The Company, while not preferred, may consider variable purchase price bids from RFP respondents that do not want or require a PPA with the Company. These bids must also be on a per facility basis, along with any premium (or discount) for bidding on the entire portfolio. Respondents should use the second tab on the 'Bid Form' located on Tab 1: Download Documents on the platform. The Company recognizes that some facilities may have a bid value of less than zero.

Example Purchase Price Bid Form

Facility Name	Bid Price
Project One:	\$1,250,000
Project Two:	\$10,000,000
***	***
Project Thirteen:	\$10,000
Portfolio Premium / (Discount):	+10%

*****For Stage One pricing respondents are requested to assign zero value to the acreage included within the FERC boundaries*****

Required Bidder Information

All RFP respondents must complete the Company Information form located under Tab 3: Commercial Data on the platform. Respondents are also requested to provide the following information at the close of Stage One. Please limit your submission to no more than five pages, not including Financial Stability documentation. Upload a PDF version of your document, and any other information, to Tab 2: Upload Documents.

Company Background and Summary Information

Please provide a high-level overview of your organization.

Interest in Assets & Intended Use

Please specify which assets you have interest in and what your plans would be for each facility after an acquisition. Facilities that you do not have an interest in should have a bid of 'NA' in the bid form.

History of Safe Operations

Please detail your company's experience in operations of FERC Licensed Hydropower dams. Include any open or outstanding FERC orders in the last 20 years as well as a copy of your Owner's Dam Safety Program and the most recent independent review and findings, if applicable.

Experience with Hydroelectric Generating Assets

Please provide information on your company's background and experience with generating assets, including the number, size, and location of assets, to include non-hydroelectric generating assets.

Financial Stability

Please provide your current credit rating from Moody's, Standard & Poors, or Fitch. Parent company, or financial partner ratings are acceptable. If not rated, then similar support will be considered such as two years of audited financial statements.

Other

Any additional information you think would be helpful to share is welcomed. Examples of public partnerships, environmental stewardship programs, or other additional operational details not previously mentioned are welcomed.

RFP Scoring Criteria

Consumers Energy Company will score bid submissions based on the following criteria:

1. Price

The Company will evaluate bids based on the lowest total cost over the term (in case of PPA-based bids) or the highest aggregate purchase price (in case of variable-priced bids).

2. Organizational Stability

Respondents must demonstrate that they are a well-established organization with a stable history of successful operation.

3. Financial Stability

Respondents should have a good credit rating, rated by Moody's, Standard & Poor's or Fitch. If these ratings are not applicable, similar evidence will be considered. Bidders must demonstrate the financial means necessary for continued operation as well as to qualify for license transfer through FERC.

4. History of Safe Operations & Experience

Bidders must demonstrate the ability to safely operate hydro facilities and demonstrate they have experience with a portfolio of hydroelectric generating assets.

5. Strength of an Owner's Dam Safety Program

The Company is seeking a buyer that has a strong understanding and ability to assemble an excellent Owner's Dam Safety Program. Preference is given to plans that have been audited by a third party with minimal findings.

6. Interest in Assets

In order of preference, Consumers will consider bids for:

- a. The entire portfolio,
- b. By river system,
- c. Downstream assets below any upstream dam that Consumers would retain.

7. Intended Use

The Company prefers respondents who plan to continue generation at all facilities.

8. Strength of Public Partnerships

The Company prefers an organization that has a history of successful public partnerships, and that can demonstrate that corporate resources are allocated to fostering and building relationships within their communities.

9. Current Experience with Generating Assets

Respondents that can demonstrate they have experience with similar generating assets are preferred.