Stakeholder Workshop
2019 Integrated Resource Plan Solicitation

August 26, 2019
SAFETY TAILBOARD

Location: One Energy Plaza, EP2-135 A, B
Nearest Exit & Assembly Area(s): Atrium, down steps, out Post Office, Muster by the Flagpole.
Nearest Shelter: Restrooms
Incident Command: Jessica Woycehoski 517-315-7365
Dial 9-1-1: Beth
Direct Emergency Responder (Runner): Keith Troyer
CPR/First Aid: Robert Beach
AED: Lynn Wilson and AED by the elevators
Fire Extinguisher: Jesse Jackson In hallway outside 135
Active Shooter: Run/Hide/Fight/Tell Silence Phones
Present Hazards: Tables, Chairs, Cords
Agenda

- Safety Tailboard ✓
- Logistics
- Introductions
- Overview of Request for Proposal - 25 minutes
- Clarifying Questions from the Audience - 20 minutes
- Comments and Suggestions from the Audience - 30 minutes

Break - 10 minutes

- Review of the Submittal and Selection Process - 25 minutes
- Clarifying Questions from the Audience - 15 minutes
- Comments and Suggestions from the Audience - 30 minutes

Wrap up and Next Steps - 10 minutes
Integrated Resource Plan Approved June 2019

- Annual Competitive Bidding for Future Supply Side Resources
- 50/50 owned/Power Purchase Agreement (PPA) Split Acquiring in total 1,100 MW of solar by Planning Year 2024
  - 300 MW for Planning Year 2022
  - 300 MW for Planning Year 2023
  - 500 MW for Planning Year 2024
- Issue first solicitation by September 30th, 2019
- Stakeholder Workshop held prior to September 30th Solicitation
- CMS Affiliates not authorized to bid on the Power Purchase Agreements
- Approval of a Financial Compensation Mechanism on PPAs
- 2nd Stakeholder Workshop to be held after results of the First Competitive Solicitation
- Independent Administrator hired to run the solicitation
Enel X North America, LLC ("Enel X")
Background
Enel X at a Glance

Enel X has been conducting large-scale energy solicitations on behalf of its utility clients for nearly two decades. Enel X built its proprietary procurement technology and developed its robust procurement processes exclusively for energy solicitations.

Enel X is dedicated to developing innovative products and digital solutions in the energy sectors showing the greatest potential for transformation: the industrial sector, cities, homes, and the mobility sector.

In North America alone, Enel X has approximately 3,400 business customers, spanning more than 10,400 sites, representing roughly 4.6 GW of demand response capacity and over 20 operational behind-the-meter storage projects.
Global Presence
Enel X Mission

Open energy to more people
Advance and expand our worldwide reach to connect more people to safe and sustainable energy.

Open energy to new technologies
Lead the development and application of new technologies to generate and distribute more sustainable energy.

Open new ways of managing energy for people
Develop more services tailored to people’s needs to help them use energy more efficiently, with a focus on smart meters and digitization.

Open up energy to new uses
Develop new energy services to address global challenges, with a focus on connectivity and electric mobility.

Open up more partnerships
Create a network of partners in research, technology, product development and marketing to build new solutions together.
Enel X does not, and will not share the sensitive information of Respondents with market participants or any of its affiliates. We take confidentiality seriously and have detailed protocols ensuring all confidential information remains confidential.

Enel X Advisors observe an obligation of confidentiality with all of the information and data acquired while performing the services of an Independent Administrator, and may not disclose this information outside of Enel X (including employees of other companies of the Enel Group, Developers/Respondents, other customers, etc.).

For this purpose, Enel X has to ensure the confidentiality through:

- Physical separation of databases belonging to different companies within the Enel group;
- Regulation of access to its Solicitation Platform; and
- Signature of a specific confidentiality declaration by each Advisor providing these services in order to define a general duty of confidentiality in the performance of their activities.
Enel X Independent Administrator Team

Brad Bury
Senior Project Manager
Detroit, MI

George Todd
Senior Project Manager
Chattanooga, TN

Jason Hughes
Project Analyst II
Baltimore, MD

Mike Simari
Project Analyst II
Boston, MA

Sean Perry
Program Manager
Charlotte, NC
Enel X Solicitation Platform
The Enel X Solicitation Platform

20+ Years of Building and Maintaining Credibility

- 60,000+ pricing events conducted to date
- 100+ utilities supported
- 300+ contracted wholesale suppliers/bidders
- 99% transaction rate without a single protest
- 100% success record of utility commission approvals

Technology Constructed with Large-Scale Energy Transactions in Mind

- Built from ground up requiring over 100 person years of development
- AWS Service Organization Controls (SOC) Reporting Compliance (Security and Reliability)
- Awarded two top Product of the Year Awards (2014 and 2016), and Numerous Government Awards
- Dedicated, in-house team of engineers continuously enhancing, customizing, and configuring the Exchange to meet the evolving, real time needs of customers
- Robust corporate firewalls
Request for Proposal
Overview
Consumers Energy’s Structure to Limit Conflicts of Interest

Roles and Responsibilities

Project Management
• Develop and issue company bid proposals
• Negotiate and conduct due diligence of BTA contracts after projects are selected from the blind rankings

Generation Engineering
• Development of technical specifications for BTAs

Resource Planning
• Provides market value for capacity and energy

Electric Contract Strategies
• Manage contracts and solicitations requirements with the Independent Administrator
• Manages selection of blind ranking results
## Evaluation Criteria

<table>
<thead>
<tr>
<th>Screening Criteria</th>
<th>Evaluation Criteria</th>
<th>Company-owned Project Specifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Contract Length</td>
<td></td>
<td>3. Civil Engineering</td>
</tr>
<tr>
<td>4. Location - MISO Zone 7 (&gt;138 kV) CE Electric Service Territory (&lt;138 kV)</td>
<td></td>
<td>4. Collection System</td>
</tr>
<tr>
<td>5. Feasibility- No Solar Moratoriums</td>
<td></td>
<td>5. AC Collection Substation (If Applicable)</td>
</tr>
<tr>
<td>7. Technology</td>
<td></td>
<td>7. Performance &amp; Warranty</td>
</tr>
<tr>
<td>8. Creditworthiness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Interconnection Status</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Appendix I - Value Added Criteria

<table>
<thead>
<tr>
<th>Value Add</th>
<th>Eligibility Criteria</th>
<th>Bonus</th>
</tr>
</thead>
</table>
| 1) Brownfields                    | 1. Site is a brownfield, but contamination only exceeds Residential Criteria and not Non-Residential Criteria  
2. Contamination present on the site can be managed with due care only (e.g., soil management, deed restrictions)  
3. A No Further Action has been obtained from Department of Environment, Great Lakes, and Energy  
4. The site is restored with 50% pollinator habitat                                                                                           | 1. $0.18/MWh  
2. $0.10/MWh  
3. $0.18/MWh  
4. $0.05/MWh |
| 2) Distributed Generation Connect for Supply Value | 1.27% Line Loss benefit when connected on Consumers Energy’s distribution line at 46kV and below.                                                                                             | $0.50/MWh                       |
# Appendix I - Value Added Criteria

<table>
<thead>
<tr>
<th>Value Add</th>
<th>Eligibility Criteria</th>
<th>Bonus</th>
</tr>
</thead>
<tbody>
<tr>
<td>3) Michigan Content</td>
<td>50% or greater sourced from Michigan companies and manufactured or assembled in Michigan.</td>
<td>$1.70/MWh</td>
</tr>
<tr>
<td>4) Michigan Labor</td>
<td>80% or greater for construction in field labor hours, Michigan Residents</td>
<td>$0.90/MWh</td>
</tr>
<tr>
<td>5) Prevailing Wage (Union Labor)</td>
<td>For construction labor only</td>
<td>$0.90/MWh</td>
</tr>
<tr>
<td>6) Dispatchable</td>
<td>1. 100% available, 24 hours, 7 days a week at direction of Consumers Energy, and</td>
<td>$1.12/MWh</td>
</tr>
<tr>
<td></td>
<td>2. At least 70% available, 24 hours, 7 days per week at direction of Consumers Energy</td>
<td></td>
</tr>
<tr>
<td>7) Located in Designated Low-Income Area</td>
<td>100% Located within a county within Consumers Energy's service territory that has</td>
<td>$0.50/MWh</td>
</tr>
<tr>
<td></td>
<td>40% or greater population that is at 200% of poverty.</td>
<td></td>
</tr>
<tr>
<td>8) Existing Facilities</td>
<td>1. Existing Site</td>
<td>$0.50/MWh</td>
</tr>
<tr>
<td></td>
<td>2. Eligible in Combination with Value Add 1 and/or 2</td>
<td></td>
</tr>
</tbody>
</table>
Redline Edits and Exceptions

1. Technical Specs

2. PPA Template for Transmission
   a. Supplier is the Market Participant

3. PPA Template for Distribution
   a. Consumers Energy is the Market Participant

4. BTA Template

5. Value Added Criteria
   a. Guarantee Included with Applicable Contract
Bid Submittal and Solicitation Process
Independent Administrator Role
Enel X, as the Independent Administrator for the Consumers Energy IRP solicitations, will support stakeholders through RFP development, independently and without bias administer fair and transparent solicitations, provide individualistic support to respondents, collect and score proposals, produce scored shortlists, and provide regulatory support post-solicitation.
Primary Deliverables – Five Stage/Phase RFP Process

1. Preparation Phase
   • Review and provide comments to Consumers Energy IRP documents, materials
   • Attend stakeholder workshop and provide support to stakeholders
   • Draft solicitation advertisements

2. Solicitation Phase
   • Issue notice, solicitation, and launch solicitation website
   • Provide support to respondents, collect participation prerequisites

3. Evaluation Phase
   • Conduct initial screen of proposals, prepare initial evaluation results
   • Prepare final evaluation results and two short lists of proposals

4. Selection Phase
   • Field Consumers Energy award selections, identify potential affiliate transactions
   • Develop draft and final Independent Administrator reports

5. Approval Phase
   • Support inquiries from MPSC Staff regarding bid validation and confirmation of the fairness and transparency of the solicitation process

Further Detailed on Subsequent Slides
2. Solicitation Phase

RFP Administration
- Independently administer fair and transparent IRP solicitations
  - Maintain independence from Consumers Energy and Affiliates, the Commission and Commission Staff, and potential respondents/bidders
- Host Solicitation Website and supporting documents/materials
- Field and respond to submitted questions, host central Q&A document(s)

Respondent Support
- Provide support to market participants and RFP respondents
- Manage respondent participation pre-requisite requirements
  - Notice of Intent Package
  - Pre-Qualification
  - Application Fees (Invoicing and Collection)
  - Pre-Bid Security (Collecting Letters of Credit or Cash Security)
- Process credit validations by Consumers Energy team, seek remediation actions with respondents as-needed
- Collect proposals and related proposal materials

Further Detailed on Subsequent Slide
2. Solicitation Phase – Application Fees, Bid Security

Application Fees

- Application fees will be assessed based on the number of projects being proposed by each Respondent and the nature of to-be-proposed projects (PURPA QF vs. non-PURPA QF). The following application fees will apply:
  - Application Fee(s) for Each Proposed PURPA QF: $150
  - Application Fee(s) for Each Proposed Non-PURPA QF: $300

- Application fees will only be refunded to Respondents should they either 1) fail to obtain pre-qualification status or 2) should the RFP be terminated prior to its completion. Application fees are designed to ensure Respondents are engaging in the RFP process in earnest.

Pre-Bid Security

- All Respondents will be required to provide/post pre-bid security prior to submitting proposals for review. Pre-bid security would be held through the evaluation of proposals. After award selections are made, pre-bid security for unsuccessful Respondents will be returned/cancelled and pre-bid security for awarded Respondents will be held through the execution of definitive agreements.

- The primary reason for collecting pre-bid security is to establish a means for which Consumers Energy may collect damages should a respondent renege on their proposal(s) and require Consumers Energy to select replacement proposal(s).

- Pre-bid security may be posted via a Letter of Credit or a cash transfer to an Enel X holding account. The following pre-bid security posting amounts will apply:
  - PURPA QFs and Non-PURPA: $1,500 per MW of offered capacity, Up to $TBD maximum posting requirement*

*In the event a Respondent’s cumulative offer quantity produces a pre-bid security obligation in excess of $TBD, the Respondent's pre-bid security obligation will be defaulted to $TBD
3. Evaluation Phase

Initial Screening
- Provide Consumers Energy with a Excel file containing the aggregate number of projects, aggregate number of developers, aggregate MWs, highest bid price, and lowest bid price (removing any identifying information)
  - The aggregate number of projects and total MWs are to be further categorized, only in the event that each category includes more than 1 project, by technology and whether the project is a Qualifying Facility (QF) under the Public Utility Regulatory Policy Act (PURPA)
- Conduct unbiased evaluation of submitted proposals to validate whether each proposal meets outlined eligibility criteria.
  - Consumers Energy will be reviewing eligibility criteria in-detail
- Remove any ineligible proposals from further evaluations and notify ineligible respondents of their ineligibility
- Identify and conduct additional screening on proposals resulting in Consumers Energy acquisitions
- Provide Consumers Energy with an updated Excel file containing the data noted above

Final Evaluation Results
- Score each eligible proposal against commodity value and value criteria using evaluation and scoring criteria developed by Consumers Energy, rank scored proposals from low to high
  - Consumers Energy will be reviewing scoring criteria in-detail
- Provide Consumers Energy with two short lists of results
  - Shortlist 1: Power Purchase Agreement Proposals
  - Shortlist 2: Owner-Owned Proposals
4. Selection Phase

Consumers Energy Selections

- Consumers Energy will make PPA award selections within two business days of receiving the shortlist rankings from the Independent Administrator
  - Upon receipt, identify if any CMS Affiliate project(s) were selected and, if so, revise shortlist rankings to include the Affiliate as selected project(s) from the Consumers Energy Company-owned list, and remove them from the PPA list
- Consumers Energy will then provide confirmation of the final selected proposals from both lists
  - Upon receipt, reveal details of the selected proposals to allow Consumers Energy to begin negotiating all necessary contract details

IA Reports

- Prepare and distribute a draft IA report to Consumers Energy within five business days of confirmation of Consumers Energy’s final award selections from both short lists
  - The IA report shall summarize the results of the IA’s findings of the Preparation Phase, Solicitation Phase, Evaluation Phase, and Selection Phase
- Accept comments, requests for clarification, from Consumers Energy on the draft IA report and prepare a final IA report reflecting responses to such comments
<table>
<thead>
<tr>
<th>Task</th>
<th>RFP Milestone</th>
<th>Date</th>
<th>Involved Parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Stakeholder Meeting</td>
<td>Monday, August 26, 2019</td>
<td>Consumers Energy, Enel X, External Stakeholders</td>
</tr>
<tr>
<td>2</td>
<td>RFP Process Comments, Recommendations Discussed with MPSC</td>
<td>Tuesday, September 17, 2019</td>
<td>Consumers Energy</td>
</tr>
<tr>
<td>3</td>
<td>Notification of Upcoming RFP Issued via Email to Potential Respondents</td>
<td>Wednesday, September 25, 2019</td>
<td>Enel X</td>
</tr>
<tr>
<td>4</td>
<td>RFP Advertisement(s) Published</td>
<td>Wednesday, September 25, 2019</td>
<td>Enel X</td>
</tr>
<tr>
<td>5</td>
<td>RFP Issued, Solicitation Website, Documents Go-Live</td>
<td>Monday, September 30, 2019</td>
<td>Enel X</td>
</tr>
<tr>
<td>6</td>
<td>Market Outreach and Origination Efforts Begin</td>
<td>Monday, September 30, 2019</td>
<td>Enel X</td>
</tr>
<tr>
<td>7</td>
<td>Questions and Answers Window Opens</td>
<td>Monday, September 30, 2019</td>
<td>Enel X</td>
</tr>
<tr>
<td>8</td>
<td>Pre-Bid Conference Call Held</td>
<td>Thursday, October 03, 2019</td>
<td>Consumers Energy, Enel X, Respondents</td>
</tr>
<tr>
<td>9</td>
<td>Notice of Intent Package Due</td>
<td>Monday, October 14, 2019</td>
<td>Respondents</td>
</tr>
<tr>
<td>10</td>
<td>Invoices for RFP Application Fees Issued</td>
<td>Wednesday, October 16, 2019</td>
<td>Enel X</td>
</tr>
<tr>
<td>11</td>
<td>Respondents Requiring Remediation Contacted</td>
<td>Monday, October 21, 2019</td>
<td>Enel X</td>
</tr>
</tbody>
</table>
## RFP Timeline (Slide 2 of 2)

<table>
<thead>
<tr>
<th>Task</th>
<th>RFP Milestone</th>
<th>Date</th>
<th>Involved Parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Electronic Versions of LoCs or Wire Transfer Remittance Forms Due</td>
<td>Monday, October 21, 2019</td>
<td>Respondents</td>
</tr>
<tr>
<td>13</td>
<td>Remediation Materials, Actions Due</td>
<td>Thursday, October 24, 2019</td>
<td>Respondents</td>
</tr>
<tr>
<td>14</td>
<td>RFP Application Fees Due</td>
<td>Thursday, October 24, 2019</td>
<td>Respondents</td>
</tr>
<tr>
<td>15</td>
<td>Pre-Bid Financial Security (Hard-Copy LoCs or Cash Deposits) Due</td>
<td>Monday, October 28, 2019</td>
<td>Respondents</td>
</tr>
<tr>
<td>16</td>
<td>Notifications of Pre-Qualification Status Issued to Respondents</td>
<td>Wednesday, November 06, 2019</td>
<td>Consumers Energy, Enel X</td>
</tr>
<tr>
<td>17</td>
<td>Questions and Answers Window Closes</td>
<td>Friday, November 08, 2019</td>
<td>Enel X</td>
</tr>
<tr>
<td>18</td>
<td>Proposals Due Date</td>
<td>Monday, November 11, 2019</td>
<td>Respondents</td>
</tr>
<tr>
<td>19</td>
<td>Initial Respondent/Proposal Eligibility Screening Period Concludes</td>
<td>Friday, November 15, 2019</td>
<td>Enel X</td>
</tr>
<tr>
<td>20</td>
<td>Respondents Notified of Ineligible Proposals</td>
<td>Tuesday, November 19, 2019</td>
<td>Enel X</td>
</tr>
<tr>
<td>21</td>
<td>Condition Precedent Agreements Executed</td>
<td>Wednesday, January 15, 2020</td>
<td>Consumers Energy</td>
</tr>
<tr>
<td>22</td>
<td>Contracts, Agreements Submitted to MPSC</td>
<td>Friday, February 14, 2020</td>
<td>Consumers Energy</td>
</tr>
</tbody>
</table>
Contacting the Independent Administrator
Enel X Contact Information

Central Independent Mailbox for RFP Correspondence (Consumers Energy Company Independent Administrator):
CECIA.enelxnorthamerica@enel.com

Primary Enel X Independent Administrator Support Staff:

**Sean Perry**
T: 617-688-1322

**George Todd**
T: 865-599-7254

**Jason Hughes**
T: 443-743-1983

**Brad Bury**
T: 248-794-5676

**Mike Simari**
T: 617-692-2451
Thank you for Participating Today!!

- The Company will start the process of evaluating feedback received today.
- A copy of the comments documented today will be sent by email and posted on the Company website.  
  www.consumersenergy.com/electricpowernotices
- All materials shown today and provided ahead of the meeting are posted on the Company website.
- Formal Company responses to the comments provided today will be sent prior to the RFP issuance.
- Public Announcements expected to be published on September 25th, 2019.