

**The meeting will begin
at 4:05pm ET**

Stakeholder Meeting

2022 Voluntary Green Pricing Solicitation

February 15, 2022

Introductions

Consumers Energy

- Beth Skowronski, Senior Business Consultant Lead
- Alex Juhasz, Renewable Energy Plan Engineer

Enel X

- Sean Perry, Director of Wholesale Government Energy Services

Disclaimer

The information referenced in this presentation is available on www.consumersenergy.com/electricpowernotices and is in draft form and subject to change before launch.

Agenda

- VGP Program & Solicitation Overview
- Changes from 2021 IRP Solicitation
- Screening Requirements & Scoring Criteria
- Timeline
- Independent Administrator Overview
- Instructions to Submit Comments / Questions

Voluntary Green Pricing (VGP) Program Overview

- The VGP program was established in 2017
 - Supports customers wanting to voluntarily subscribe in renewable energy
 - Includes Large Customer Renewable Energy Program (LCREP) for large commercial and industrial customers
- The LCREP is the Company's largest and fastest growing VGP program
- Received MPSC approval in 2021 to add 1,000 MW of LCREP supply
 - 75% of renewable energy asset must be customer-subscribed in order to add new assets to the program

2022 VGP Solicitation: Overview

Consumers Energy is seeking competitive bids to procure utility owned solar or wind assets to support increased customer demand for the LCREP program

Independent Administrator: Enel X North America, Inc. ("Enel X") will administer the solicitation

Selection: Proposals will be evaluated based on cost, value, and other non-price criteria as shown on the Scorecard (Appendix J); provisionally awarded proposals will be determined by the highest number of Scorecard points given customer demand for COD timing and pricing

Solicitation Capacity:

- Maximum capacity awarded dependent on customer demand; not to exceed 1,000 MWac
- Maximum nameplate capacity of any proposal is TBD, but currently targeting [250] MWac

Commercial Operation Date-Based Tranches:

- Existing – 12/31/2022
- 1/1/2023 – 12/31/2024
- 1/1/2025 – 12/31/2025
- 1/1/2026 – 12/31/2026

Acceptable Contract Types:

- Build-Transfer Agreements (BTA)
 - Milestone and Traditional
- Development Asset Acquisitions (DAA)
- Purchase and Sale Agreements (PSA)

Changes from 2021 Integrated Resource Plan Solicitation

	2021 IRP Solicitation	2022 VGP Solicitation
Technology	Solar Only	Wind and Solar
Project Selection	Value Added Criteria	Points-Based
Project Types	Utility Owned and Power Purchase Agreements	Utility Owned

2022 VGP Solicitation: Screening Requirements

Screening Requirements	Solar/Wind Facility
Pre-Qualification	Required
Project Application Fee (non-refundable)	\$300
Pre-Bid Security (refundable)	\$1,500/MWac per unique MWac of capacity to be proposed
Maximum Offer Capacity	[250] MWac for single or aggregate facility
Minimum Offer Capacity	1 MWac
Maximum Bid Price	[TBD]
Location	MISO Zone 7 (≥ 50 kV POI); Consumers Energy Electric Service Territory (≤ 50 kV)
Interconnection Status *	Completed MISO DPP Entry (≥ 50 kV POI); Completed Consumers Energy Engineering Review (≤ 50 kV)
Feasibility	No Solar/Wind Moratorium in Project Location
Site Control	$\geq 75\%$ secured
Technology	Solar/Wind resources **
Technical Specifications	Utility Owned projects must meet required solar and wind technical specifications

Projects that do not include both non-affiliate, third-party, verified production estimates and a report on fatal flaws or risks will not be eligible to participate in this RFP

* Will modify to have different Interconnection Status Screening Criteria for each COD-based tranche

** Storage would not be included in the evaluation and ranking of the proposal, but could be a point of negotiation

2022 VGP Solicitation: Scoring Criteria

Projects will be ranked based on score as determined by the Scorecard criteria

Winning proposals will be determined by the highest number of Scorecard points given customer demand for COD timing and pricing

Evaluation based on Company's Triple Bottom Line: People, Planet, and Michigan's Prosperity

Scorecard (Appendix J) and Scorecard Guidance (Appendix I) are resources to support making scoring claims

Some rating items cannot be verified until project completion (e.g., Michigan Labor %, etc.):

- Claims in these categories will require an attestation to be submitted to support commitment
- Verification of claims will be made to determine adherence
- A penalty of \$1,400 per MW per Scorecard point will be levied if the commitment is not met prior to the project's commercial operation date

2022 VGP Solicitation: Scoring Criteria

2/15/22 Stakeholder Meeting:
Subject to Change

New Items from
the '21 IRP

Rating Items	Description and % Points Determination Reference Scorecard Guidance for additional information	Maximum Points Available	Category Score	Supporting information REQUIRED to earn points. Specify location of supporting information, e.g. Submittal Page #, Attachment, or other.
	(% Points) x (Maximum Points Available) = Category Score			Comments
People				
1.1 % Cost-to-Value	100%: Lowest Cost-to-Value (CV) Ratio Partial Points %: Lowest CV Ratio received divided by Proposal CV Ratio 0%: CV Ratio >125%	75.00	N/A	Will be determined by Enel X using Economic Model
1.2 LCOE Bonus	100% Points: LCOE ≤ \$45/MWh 50% Points: LCOE ≤ \$50/MWh 0% Points: LCOE >\$50/MWh	10.00	N/A	Will be determined by Enel X using Economic Model
1.3 Michigan Content (MC) (%) - Equipment, Materials *	100% Points: MC Greater or equal to 50% Partial Points = (MC%)/(50%)	0.50		[Respondent to complete]; Partial awards for wind and solar DAAs [TBD]
1.4 Michigan Labor (ML) (%) - Construction Labor *	100% Points: Michigan Labor is Greater or equal to 80% Partial Points: Michigan Labor Less than 80%: Points % = (Michigan Labor %)/(80%)	0.50		[Respondent to complete]; always awarded 100% for DAAs
1.5 Union Labor (Construction) *	100% Points: Union Labor ≥80% of total project hours Partial Points: Union Labor < 80%: Points % = (Labor%)/(80%)	2.00		[Respondent to complete]; always awarded 100% for DAAs
1.6 Low-Income Counties *	100% Points: Development is in a “Low-Income County” 50% Points: Development partially in a “Low-Income County” 0% Points: Development not in a “Low-Income County”	1.00		[Respondent to complete]
1.7 Diverse / Women and Minority Owned Businesses Enterprise (WMBE) and Michigan Based (MBB) *	100% of points: Developer and/or EPC Contractor is Diverse and MBB 50% of points: Developer and/or EPC Contractor is Diverse or MBB No Points: Developer and/or EPC Contractor is not Diverse or MBB	0.50		[Respondent to complete]
1.8 ISNet (ISN) Developer and/or EPC Contractor Safety Record	100% Points: Score of “A” in ISN 80% Points: Score of “B” in ISN 60% Points: Score of “C” in ISN 40% Points: Score of “F” that is flagged in ISN 20% Points: Score of “F” in ISN No Points: Not Enrolled in ISN	1.00		[Respondent to complete]
		90.50	0.00	

* For all scorecard rating items that require a commitment (e.g., they cannot be verified at time of bid evaluation), a penalty of \$1,400 per MW per Scorecard point will be levied if the commitment is not met

2022 VGP Solicitation: Scoring Criteria (continued)

New Items from
the '21 IRP

Planet				
2.1 Land Use (Brownfield, Grayfield, Farmland) *	See Scorecard Guidance	0.50		[Respondent to complete]
2.2 Establish pollinator Habitat *	Points from Pollinator Scorecard (Appendix L) 100% Points: 76+ 75% Points: 50 - 75 50% Points: 25 - 49	0.50		[Respondent to complete]
2.3 Carbon Intensity / Life Cycle Analysis *	100% Points: Accredited analysis with CO2 at Ultra Low Carbon Alliance 450 kg CO2e / kWp using French Tender + ultra low carbon about 60% or less of dirty coal markets 50% Points: Accredited analysis with CO2 at 550 CO2e/kWp as a French Tender midpoint, about 70% or less of dirtiest coal markets 25% Points: Accredited analysis with CO2 equivalent to the China-based supply chain for polysilicon 750 CO2e/kWp 0% Points: No accreditation, no life cycle analysis, so assume they're over > 750 CO2e/kWp	1.00		[Respondent to complete]
		2.00	0.00	
Michigan's Prosperity				
3.1 Special Land Use Permit (SLUP) & Local Support	100% Points: SLUP issued 50% Points: SLUP application submitted with public hearing scheduled 20% Points: Positive community support	5.00		[Respondent to complete]
3.2 Distribution System Connected *	100% Points: Distribution System Connected 0% points: Transmission System Connected	0.50		[Respondent to complete]
3.3 Interconnection Agreement Status	<u>Transmission Connected:</u> 100% Points: Executed interconnection agreement 50% Points: DPP Phase 2 Complete 25% points: DPP Phase 1 Complete 0% Points: Project hasn't completed DPP Phase 1 <u>Distribution Connected:</u> 100% Points: Executed interconnection agreement 50% Points: Distribution study 0% Points: Project hasn't completed distribution study	2.00		[Respondent to complete]
		7.50	0.00	

* For all scorecard rating items that require a commitment (e.g., they cannot be verified at time of bid evaluation), a penalty of \$1,400 per MW per Scorecard point will be levied if the commitment is not met

2022 VGP Solicitation: Timeline

Milestone	Date
Solicitation Issued	March 17, 2022
Pre-Bid Conference Held	2:00 pm EPT, March 23, 2022
Respondent and Project Qualification Applications Due	5:00 pm EPT, March 31, 2022
Respondent and Project Fees Due	5:00 pm EPT, March 31, 2022
Phase 1 Notice to Proceed Issued to Pre-Qualified Respondents	May 6, 2022
Binding Respondent Affidavits Due	5:00 pm EPT, May 16, 2022
Pre-Bid Security Due	5:00 pm EPT, May 16, 2022
Phase 2 Notices to Proceed Issued	May 23, 2022
Sealed Bid Event(s) Conducted on Solicitation Platform	May 31, 2022
Consumers Energy Proposal Evaluation Completion Target	June 28, 2022
Conditional Agreements Execution Target	October 2022
MPSC Submittal Target	November 2022

Independent Administrator Role

Independent Administrator

Role Overview, Conflict of Interest Statement



Any communications related to this RFP or the Solicitation process must be submitted to Consumers Energy's Independent Administrator, Enel X, through the links provided on the Solicitation Website within the 'Questions' section.

Please note that Enel X is a distinct and independent operating company from Enel Green Power (a renewable energy developer). Enel X does not have a renewable energy development arm or ability/intent to participate within the Consumers Energy RFP process. While both separate entities share part of a common name and holding company, there are no overlapping components between each entity and absolutely no preferential treatment(s), reciprocal or otherwise, given between Enel X and Enel Green Power.

Enel X, as the Independent Administrator, does not, and will not share the sensitive information provided by respondents with affiliates of Enel or other Enel Group companies. Further, Enel X will conduct and manage all facets of the Consumers Energy RFP process with the utmost transparency while ensuring that all respondents are treated fairly, equitably, and without bias (real or perceived). Enel X takes both our partners' and respondents' confidentiality and the establishment of a level playing field for all respondents seriously and has detailed protocols to ensure that all confidential information remains confidential and that all administered RFPs afford equal opportunity to every respondent.

Enel X employees must observe an obligation of confidentiality and neutrality while performing Independent Administrator services, and may not disclose confidential information outside of Enel X (including employees of other companies of the Enel Group, respondents, other customers, etc.) or provide preferential treatment to any respondent. For this purpose, Enel X has established:

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

In addition to following protocols outlined within the RFP document regarding the treatment of confidential information, Enel X is also willing to establish non-disclosure agreements between its organization and Respondents.

Enel X, as the Independent Administrator for the CEC VGP 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.

Independent Administrator Deliverables



Primary Deliverables – Five Stage/Phase RFP Process

1. Preparation Phase

- Review and provide comments to CEC VGP 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 ranked short lists of proposals

4. Selection Phase

- Field CEC 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

Instructions to Submit Comments / Questions

Thank you for your participation today!

Please submit comments, suggestions, and questions via email at VGPRFP@enel.com by February 25, 2022

Based on the submittals, Consumers Energy will provide written clarifying Q&A on the website below prior to solicitation launch

Materials presented today will be posted on the Company website www.consumersenergy.com/electricpowernotices