

Northern Indiana Public Service Company's  
2008 Request for Proposals  
For  
Renewable Energy and Demand Side Management

Request for Proposals

October 24, 2008

Version 1.1



***A NiSource Company***

*ERRATA*

<b>SECTION</b>	<b>Old Text</b>	<b>Revised Text</b>
2.6 Notice of Intent to Bid Due	4:00 p.m. CDT	4:00 p.m. CST
2.7 Submission of Bids	4:00 p.m. CDT	4:00 p.m. CST
2.7.2.1 Bidder Submission Requirements	4:00 p.m. CDT	4:00 p.m. CST
2.7.2.1 Bidder Submission Requirements	January 15, 2008	January 15, 2009
Appendix 6	opeating	operating



# Northern Indiana Public Service Company's 2008 Request for Proposals For Renewable Energy and Demand Side Management Request for Proposals

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## SECTION 1 Introduction

### 1.1 Statement of Projected Need

Northern Indiana Public Service Company (“NIPSCO”) is issuing this Request for Proposals (“RFP”) for the purposes of identifying and negotiating contracts for renewable energy and/or Demand Side Management (“DSM”) resources for a delivery period commencing as soon as January 1, 2011. The goal of this RFP is to provide NIPSCO with renewable proposals and/or DSM proposals that meet NIPSCO’s long term projected needs with a reliable, low cost, stable priced and diversified resource portfolio. NIPSCO projects a need of up to 300 gigawatt hours (“GWH”) per year of incremental long-term renewable resources. A portion of that need may also be met by energy conservation DSM resources. In addition, a capacity need of up to 100 MW by 2011 has also been identified that may in part be met through DSM Proposals that reduce peak MW demand. NIPSCO’s 2007 Integrated Resource Plan (“IRP”) illustrates that the potential solutions that best meet NIPSCO’s objectives are a combination of Supply-Side, Renewable, and Demand-Side Management resources. A separate RFP for Supply-side resources has also been issued and Bidders wishing to propose resources meeting that need should refer to the RFP website for information regarding that RFP ([www.nipSCO2008rfp.com](http://www.nipSCO2008rfp.com)). NIPSCO will consider joint ventures, partnerships, purchase power arrangements with options to acquire, and turnkey proposals. NIPSCO’s objective for this RFP is to encourage and solicit a broad range of resource option proposals from various providers and to secure those resources that best meet these objectives. Lowest price alone will not necessarily result in a successful proposal.

The RFP development, evaluation criteria development, and evaluation processes are designed to ensure a fair, unbiased review of all proposals. Ventyx Energy, L.L.C. (“Ventyx”), a software and consulting firm, will act as the Independent Consultant responsible for overseeing and managing this RFP process and will monitor NIPSCO’s conduct to assure that no undue preference or discrimination is given to any Bidder.

### 1.2 NIPSCO Overview

NIPSCO, with headquarters in Merrillville, Ind., is one of the 10 energy distribution companies of NiSource Inc. (NYSE: NI). With over 712,000 natural gas customers and 445,000 electric customers across the northern third of Indiana, NIPSCO is the largest natural gas distribution company, and the second largest electric distribution company, in the state. NiSource Inc. distribution companies serve 3.8 million natural gas and electric customers, primarily in nine states. More information about NIPSCO is available at [www.nipSCO.com](http://www.nipSCO.com). NIPSCO owns and currently operates three coal-fired electric



generating stations with a net demonstrated capability of 2,574 MW, five gas-fired generating units with a net demonstrated capability of 738 MW and two hydroelectric generating plants with a net demonstrated capability of 10 MW. These facilities combined provide for a total system net demonstrated capability of 2,787MW. NIPSCO’s transmission system, with voltages from 34,500 to 345,000 volts, consists of 3,184 circuit miles. NIPSCO is interconnected with five neighboring electric utilities. NIPSCO is a transmission-owning member of the Midwest Independent Transmission System Operator, Inc. (“Midwest ISO”), and NIPSCO is a market participant in Midwest ISO’s energy market.

### 1.3 NIPSCO Needs Assessment

NIPSCO periodically evaluates alternatives to fulfill its need to maintain reliable and cost-efficient generation capacity for its electric customers. NIPSCO’s current planning process requires NIPSCO to maintain available resources, net of interruptible load contracts, which will satisfy the projected summer peak demand.

Based on its last-filed IRP in 2007 and the potential future passage of an Indiana Renewable Portfolio Standard (“RPS”), NIPSCO projects a future need of up to 300,000 MWh/year of incremental long-term renewable resources; comprised of Renewable Energy generation and/or DSM. NIPSCO anticipates that it will contract for up to 300,000 MWh of new, incremental renewable and/or DSM resources per year. Figure 1-1 shows the projected year-by-year RPS requirement and the energy remaining after accounting for existing wind contracts. Figure 1-2 gives representative capacities to fulfill the 300,000 MWh/year incremental needs at various Capacity Factors (“CF”).

<b>NIPSCO Projected Renewable Energy Requirements</b>					
	<b>Energy Requirements (MWh)</b>	<b>RPS %</b>	<b>RPS MWH</b>	<b>Already Contracted Wind MWH</b>	<b>Remaining RPS MWH Need</b>
<b>2009</b>	18,087,440	0.05%	9,044	350,400	0
<b>2010</b>	18,237,840	1.00%	182,378	350,400	0
<b>2011</b>	18,389,300	2.00%	367,786	350,400	17,386
<b>2012</b>	18,539,880	2.50%	463,497	350,400	113,097
<b>2013</b>	18,695,810	3.00%	560,874	350,400	210,474
<b>2014</b>	18,856,460	4.00%	754,258	350,400	403,858
<b>2015</b>	19,020,880	5.00%	951,044	350,400	600,644

**Figure 1-1 Projected Renewable Energy Requirements**

<b>Approximate MW</b>	
<b>Capacity Factor</b>	<b>MW Needed</b>
10%	342
20%	171
30%	114
40%	86
50%	68
90%	38

**Figure 1-2 Approximate RPS MW Needs by Capacity Factor**

Bidders offering bio-derived fuels for delivery to NIPSCO for consumption by existing generation facilities are encouraged to offer proposals. Any bio-derived fuels shall be compatible with NIPSCO's existing generating equipment, including pollution control devices. NIPSCO may also need to modify existing permits and/or acquire permit approval from the environmental agency to utilize bio-derived fuels at existing generating units. Therefore, any cost or timing impacts would need to be factored into the proposal.

NIPSCO is currently engaged in an update to its IRP. NIPSCO plans to complete the update concurrently with this RFP. The IRP update will serve as the basis for this RFP's evaluation process and portfolio development.

The IRP Update may result in a determination by NIPSCO that more or less capacity and energy are needed than as presented in this Request for Proposals. Accordingly, NIPSCO reserves the right to adjust the total capacity and energy needs in its evaluation of proposals and in the selection of bids, if any, for inclusion in its portfolio of resources.

## **SECTION 2 Proposal Submittal**

### **2.1 General Instructions**

The purpose of this document is to solicit Proposals and describe the process by which NIPSCO will request and evaluate Proposals through a competitive procurement process. NIPSCO seeks Proposals from any Bidder who is capable of meeting the conditions of this RFP.

NIPSCO is soliciting binding Proposals to secure up to 300 GWH of energy per year with a commercial operation date no sooner than January 1, 2011. NIPSCO's capacity and energy needs provide a number of options to Bidders in the form of Renewable and/or DSM resources. NIPSCO does not state a preference for any type of resource, but rather prefers a range of options that may be combined in a portfolio of resources to best meet NIPSCO's objectives. NIPSCO does have a preference for in-state proposals. NIPSCO does have a preference for renewable energy delivery with the associated and certified Renewable Energy Credits ("REC"). NIPSCO will consider joint ventures, partnerships, purchase power arrangements with options to acquire, and turnkey proposals. However, NIPSCO does not have a preference regarding resource ownership structures or proposals.

Renewable resources are defined as electrical energy generated by means of a low or zero emissions generation technology with substantial long term production potential and generated by use of renewable energy resources that may include solar, wind, hydropower, geothermal, fuel cells that are not fossil fueled, biomass resources, etc. Biomass resources utilize fuels such as agriculture or animal waste, small diameter timber, other phreatophyte or woody vegetation, landfill gas, and anaerobically digested waste biomass and may be either fully or partially fired with such biofuels. Renewable energy does not include fossil fuel or nuclear energy.

DSM resources are defined as verifiable programs designed to encourage consumers to modify their level or pattern of electricity usage. DSM Proposals may include energy efficient measures (e.g., compact fluorescent lighting, energy efficient motors, energy efficient air conditioning, and energy efficient refrigeration), clean distributed generation, load curtailment via direct load control, demand response programs, etc. While NIPSCO does not have a specific preference for the type of DSM resource, Bidders should be aware that the 2007 IRP update indicates an economic preference for programs that directly impact the customer demands at the time of the system peak.

Proposals will be evaluated over a 20 year planning horizon encompassing the years 2010 through 2029. Nevertheless, NIPSCO does not discriminate for or against a proposal with a 20-year term. Rather, NIPSCO requires a minimum term of three years and NIPSCO does not have a maximum limit on the term.



Bidders may submit multiple Proposals. Proposals shall present clear and definable pricing characteristics.

### **2.1.1 Types of Proposals**

This RFP is designed to accommodate a wide range of proposals for renewable generation and/or DSM programs. NIPSCO desires to encourage creativity and proposal diversity with respect to technologies, sizing, term, start date, pricing structure, location, etc. It is conceivable that a Bidder's Proposal may offer a unique attribute that has not been explicitly considered by NIPSCO. In that instance, NIPSCO will work with the Bidder to understand, and if possible, accommodate the unique features of a particular Proposal.

For the Purchase Power Agreement proposals, NIPSCO expects to enter into a pay-for-performance type of Purchase Power Agreement ("PPA"). NIPSCO will utilize the standard EEI Master Power Purchase and Sale Agreement, which is included in APPENDIX 2. NIPSCO is providing this agreement to allow Bidders to understand the general commercial framework that will describe the on-going relationship of a successful Proposal. Bidders should consider the Master Power Purchase and Sale Agreement as containing the material non-commercial terms required by NIPSCO. Any proposed revision to the Master Power Purchase and Sale Agreement must be set forth in the Proposal, as discussed in Section 2.7.2.1 and Section 2.7.2.13, and listed with alternative language on APPENDIX 6 Proposal Information Form 1.5. Concerns regarding the draft PPA will be addressed through a negotiation process.

For Energy Service Contracts, NIPSCO expects to enter into a pay-for-performance type of agreement. NIPSCO will entertain appropriate contract terms and conditions proposed by the bidding ESP. To the extent possible NIPSCO would prefer terms similar in intent to those found in the EEI Master Power Purchase and Sale Agreement ("PPA"), included in APPENDIX 2. NIPSCO does expect that individual Energy Service Bidders will offer their own specific and appropriate terms and conditions language that covers most, if not all, of the concerns addressed in the Master PPA. Concerns regarding specific contract terms and conditions will be addressed through a negotiation process.

For Renewable Wind Purchase Power Agreement proposals, NIPSCO expects to enter into a pay-for-performance type of PPA. NIPSCO will utilize their standard Wind PPA, which is included in APPENDIX 3. NIPSCO is providing this agreement to allow Bidders to understand the general commercial framework that will describe the on-going relationship of a successful Proposal. Bidders should consider the Wind PPA as containing the material non-commercial terms required by NIPSCO. Any proposed revision to the Wind PPA must be set forth in the Proposal, as discussed in Section 2.7.2.1 and Section 2.7.2.13, and listed with alternative language on APPENDIX 6

Proposal Information Form 1.5. Concerns regarding the Wind PPA will be addressed through a negotiation process.

### **2.1.2 Fuel Plans**

NIPSCO and its Independent Consultant will evaluate the economics of each Proposal based on the current NIPSCO fuel forecasts that will be developed in concert with NIPSCO's IRP update. Due to the confidential nature of this information, these forecasts will not be provided to Bidders. In an effort to illustrate some of the elements, NIPSCO's fuel forecast will contain:

- Delivered forecast for natural gas prices including the commodity price, basis differential, any applicable adders, transportation, and balancing costs;
- Residual and distillate fuel oil commodity prices and transportation prices;
- Mine mouth forecast for PRB coal, Illinois Basin coal, and Pittsburgh #8 coal;
- Delivered fuel prices for NIPSCO's generating units; and
- Non-firm economy energy market prices.

For all Proposals based on bio-derived fuels, landfill waste gas, or other non-fossil derived fuel, the Bidder should provide their own specific forecast of fuel prices for the contract term of the Proposal, as well as designating the fuel source, delivery method, and delivery point to be used. This forecast should specify if it is a guaranteed fuel price, or if it is indexed to another fuel or well accepted economic indicator (such as the CPI) and provide the index forecast used for projecting fuel or energy costs over the life of the Proposal. In addition, Bidder should include evidence of feasibility (letter of intent or indicative planning documents) to deliver the volume of fuel, at the required location, and in sufficient quantities, to operate the proposed unit at capacity. For Proposals based on wind or solar energy, site specific wind and insolation studies are preferred to demonstrate the feasibility of the proposed energy, rather than generic or regional studies.

### **2.1.3 Bidder Obligations**

- The Bidder is solely responsible for acquiring and maintaining compliance with all licenses, permits, and other regulatory approvals (including environmental) that will be required by current or future federal, state, or other local government laws, regulations, or ordinances to successfully implement the Proposal. NIPSCO will cooperate with any selected Bidder to provide information as may reasonably be necessary for the Bidder to satisfy licensing and regulatory requirements.
- The Bidder shall fully support and agrees not to challenge any of NIPSCO's applicable regulatory requirements associated with its Proposal.

- The Bidder agrees by the act of submitting a Proposal in response to this RFP to file any applications to fully support, as requested by NIPSCO, any and all NIPSCO regulatory proceedings related to the Proposal. Bidder shall be responsible for all of its costs to participate in regulatory proceedings.
- The Bidder is solely responsible for the location, acquisition, permitting and development of the plant site and other land or infrastructure that is required for new facilities or expansion of existing facilities, fuel infrastructure, and transmission infrastructure.
- The Bidder is solely responsible for securing, locating, and guaranteeing any emission allowances, credits, or offsets which may be required to allow the construction and operation of any proposed or operating facility(ies).
- The Bidder is solely responsible for ensuring that the implementation of any and all parts of the Proposal are carried out in full compliance with any changes, modifications, or additions to laws, regulations, ordinances, licenses, permits, and other regulatory approvals (including environmental) that affect the Proposal. NIPSCO does not agree to and shall not bear any price or cost risk associated with any such changes, modifications, or additions, except in the case of proposals offering the sale or lease of an existing or proposed facility(ies) to the extent the contract for conveyance expressly places such risk on NIPSCO upon transfer of ownership of the facility.
- The Bidder is solely responsible for all financing activities related to the project and for engineering, design, procurement, and construction of all aspects of the facility.
- The Bidder is solely responsible for sourcing and contracting for a reliable fuel supply, except for tolling Proposals, and any other activity required for the reliable and safe delivery of firm capacity and energy, or energy and/or demand reductions to NIPSCO.
- The Bidder is solely responsible for all costs associated with the design, construction, operations, and maintenance of the transmission interconnection facilities, including but not limited to, generator step-up transformers, high voltage breakers, and all costs associated with the delivery of firm capacity and energy to NIPSCO. The Bidder shall provide details for all expected network upgrades associated with the project including facilities to be upgraded and assumptions on any cost allocation within Midwest ISO.
- The Bidder is solely responsible for securing with all applicable transmission providers the needed transmission facilities, obligations and arrangements required to deliver firm capacity and energy to NIPSCO. NIPSCO's preference for the location of the facilities is defined by the following hierarchy: 1) directly connected

within the NIPSCO service territory, 2) State of Indiana, and 3) Midwest ISO. NIPSCO does require Proposals to provide for delivery at a designated Midwest ISO commercial pricing node. New facilities will be required to be registered as a commercial pricing node if placed in service in Midwest ISO.

- The Bidders of Asset Purchase or Lease Proposals will be required to facilitate due diligence efforts by NIPSCO, including thorough and immediate site access and the Bidder's compilation and production of related necessary documents.
- The Bidder is solely responsible for any applicable Midwest ISO penalties or other costs associated with Bidder's inability to provide power as bid into Midwest ISO or due to any other violations that would cause additional charges or reductions in revenue. To the extent that Bidder proposes an Asset Purchase or Lease Agreement, such Agreement will address the applicability and assessment of Midwest ISO penalties and costs.
- Proposals will be required to provide full facility and equipment access to NIPSCO for pre-installation and post-installation inspections and testing to verify the installations and that the capacity and/or DSM demand reductions are achieved, and for subsequent inspections and tests, which may be performed at NIPSCO's discretion, to verify continued operation and maintenance of the Proposal for the applicable term.
- Proposals will comply with all applicable Midwest ISO requirements. The Bidder will be responsible for all costs associated with entering into and proceeding through the Midwest ISO interconnection queue, if required, including application fees, study deposits and milestone payments.
- The Bidder will retain any Production Tax Credits and/or other environmental benefit generated by their proposed facility or program and is expected to incorporate the impacts of these attributes into their pricing in a clearly defined manner.
- The Bidder is responsible for certifying all Renewable Energy Credits generated by their facility(ies) with a nationally recognized certification organization.

#### **2.1.4 Credit and Security Requirements**

NIPSCO requires credit support and security requirements that will provide protection in the event that a Bidder breaches or fails to perform under any agreement arising from this RFP. Performance Security will address the risk associated with both the completion of a new facility to deliver capacity, energy, and/or demand reductions on the scheduled delivery date and the contracted deliveries throughout the duration of the contract.



Bidder shall provide Performance Security. The amount of the Performance Security will be negotiated and will be determined based upon the specific Proposal characteristics and the potential risk of contract default. NIPSCO will consider Performance Security mitigating factors such as, but not limited to; subordinate liens on project assets and step-in rights. Bidders shall set forth their proposal for Performance Security and mitigating factors on APPENDIX 6 Financial Information Form 2.3.

Performance Security must be posted upon execution of the Master Power Purchase and Sale Agreement, Energy Services Contract, or Wind Purchase Power Agreement and remain in place throughout the duration thereof.

Based on the Bidder’s credit quality and tangible net worth, the amount of the Performance Security will vary. Performance Security must be provided in the form of cash or cash equivalents (U.S. Dollars or U.S. Government Bonds) deposited with an Issuer acceptable to NIPSCO (“Deposits”), an irrevocable standby letter of credit drawn on an Issuer acceptable to NIPSCO (“Letter of Credit”), and/or a company guarantee from an investment-grade rated entity. The Credit Limit in Table 2-1 Bidder Credit Limit shows the maximum unsecured credit that NIPSCO will apply towards the Bidder’s or Guarantor’s total required Performance Security. A Bidder Credit Limit will be calculated for each Bidder or Guarantor of Bidder based on the company’s senior unsecured debt rating and tangible net worth set forth in Table 2-1. For non-public companies, NIPSCO will determine a credit score as defined in Section 2.7.2.5.

**Table 2-1 Bidder Credit Limit**

<b>Senior Unsecured Debt Rating</b>	<b>Credit Limit</b>
AAA+/Aaa to AA-/Aa3	\$ 50,000,000
A+/A1 to A-/A3	\$ 40,000,000
BBB+/Baa1 to BBB-/Baa3	\$ 25,000,000
Below BBB-/Baa3	\$ 0

A minimum of 10% of the Performance Security must be provided in the form of Deposits and/or a Letter of Credit. The remaining Performance Security shall be in the form of a company guarantee from an investment-grade rated entity, Deposits, and/or a Letter of Credit. Performance Security in excess of the Bidder Credit Limit shall be in the form of Deposits and/or a Letter of Credit. The Bidder Credit Limit shall be recalculated and the form of Performance Security adjusted based on the Bidder’s/Guarantor’s most recent fiscal year end audited financial statements or within 5 business days of the Bidder becoming aware of any change in the Bidder’s/Guarantor’s senior unsecured debt rating.

## 2.2 Confidentiality

NIPSCO will take reasonable precautions as it would with its confidential information and use commercially reasonable efforts to protect any claimed proprietary and confidential information contained in a Proposal; provided that such information is clearly identified by the Bidder as "PROPRIETARY AND CONFIDENTIAL" on the page on which proprietary and confidential material appears. This notwithstanding, NIPSCO may release such information: (1) to any external contractors for the purpose of evaluating Proposals, but such contractors will be required to observe the same care with respect to disclosure as NIPSCO; and to others who have a need for such information for purposes of evaluating the RFP, the RFP process or the agreement resulting from the RFP process, including but not limited to the Indiana Utility Regulatory Commission, its employees, staff, consultants and/or agents or (2) if NIPSCO is requested or compelled to disclose such information (or portions thereof) (i) pursuant to subpoena or other court or administrative process; (ii) at the express direction of any agency with jurisdiction over NIPSCO, or (iii) as otherwise required by law. If NIPSCO determines that the release of such information will be made under one of the circumstances set out above, NIPSCO will provide Bidder with written notice. NIPSCO holds no duty or requirement to Bidder to withhold such information if it is so requested as described above.

If a Bidder requires greater assurances of confidentiality in connection with its Proposal, a form of confidentiality agreement is provided in APPENDIX 1.

NIPSCO will take all commercially reasonable steps to ensure that all Bidders have access to the same information from NIPSCO without any undue preference or discrimination.

## 2.3 Communications

### 2.3.1 NIPSCO's RFP Contact Person

All inquiries or communications regarding the RFP are to be directed to:

Charles Adkins  
RFP Contact Person  
801 E. 86<sup>th</sup> Avenue  
Merrillville, Indiana 46410-6271  
e-mail: [nipsco2008rfp@ventyx.com](mailto:nipsco2008rfp@ventyx.com)  
Telephone: (404) 512-3584  
Fax: (770) 989-4445 (confidential fax number)

All Fax submissions must have "Attn: NIPSCO 2008 Renewable and DSM RFP" in the subject line.

**PLEASE NOTE THAT THE PROPOSAL SUBMITTAL IS ADDRESSED TO A PARTY DIFFERENT FROM THE NIPSCO RFP CONTACT PERSON AS NOTED IN SECTION 2.7.1.**

Prior to the short-listing of Proposals, all correspondence and communications from the Bidder to NIPSCO must be made in writing through NIPSCO's RFP Contact Person.

### 2.3.2 Question and Response Process

All questions and comments by Bidders will be in written form and submitted electronically to the RFP Contact Person.

All questions submitted by Bidders, as well as NIPSCO's responses to such questions, shall be posted on the RFP website located at [www.nipsco2008rfp.com](http://www.nipsco2008rfp.com) with the Bidder's name removed. The official response to questions submitted by Bidders is the written response posted on the website. NIPSCO's objective in posting these questions, comments and responses is to ensure all Bidders have equal access to information.

Any unsolicited contact by a Bidder with NIPSCO, its affiliates, personnel or agents concerning this RFP is not permitted and may constitute grounds for disqualification of the Bidder.

## 2.4 Schedule

NIPSCO envisions the schedule for this RFP process as described in Table 2-2. NIPSCO reserves the right to change the schedule at its sole discretion. If a schedule change occurs before the Proposals Due date, Bidders that have registered on the website and/or Bidders that have submitted a Notice of Intent to Bid will be notified of the change electronically or in writing.

**Table 2-2 Schedule of Milestones for 2008 RFP Process**

<b>Milestone</b>	<b>Date</b>
Release of RFP Document	October 24, 2008
RFP Bid Conference	November 12, 2008
Notice of Intent to Bid Due	November 30, 2008
Proposals Due	January 15, 2009
Short List Determination	February 27, 2009

NIPSCO shall post a notice on its RFP website and make a reasonable attempt to notify all participants who have filed a timely Notice of Intent to Bid, see Section 2.6, of any such changes, cancellations, or schedule changes. Notwithstanding, NIPSCO does not assume responsibility for making any such notification.

## 2.5 Bid Conference

NIPSCO will hold a Bid Conference in Indianapolis, Indiana on November 12, 2008, beginning at 12:00 p.m. CDT/1:00 p.m. EDT at the Radisson Hotel Indianapolis Airport. The Bid Conference will conclude by 2:00 p.m. CDT/3:00 p.m. EDT. The purpose of the Bid Conference is to assist Bidders in understanding the submittal requirements. Interested parties are requested to return a Bid Conference Registration Form APPENDIX 4. Completed forms should be sent via e-mail to: [nipsco2008rfp@ventyx.com](mailto:nipsco2008rfp@ventyx.com).

To make the meeting as productive and informative as possible, Bidders are encouraged to submit questions, in writing using the above e-mail address, prior to the Bid Conference. Attendance is not mandatory, but may serve to clarify any preliminary issues regarding the RFP. Teleconferencing capabilities will not be available. However, relevant information from the Bid Conference will be posted on the RFP website.

## 2.6 Notice of Intent to Bid

Bidders shall submit a non-binding Notice of Intent to Bid, APPENDIX 5, no later than 4:00 p.m. CST, November 30, 2008. Notices should be submitted via e-mail to [nipsco2008rfp@ventyx.com](mailto:nipsco2008rfp@ventyx.com). Confirmation of receipt by NIPSCO shall be the



responsibility of the prospective Bidder. Submitting a Notice of Intent to Bid does not commit a prospective Bidder to submit a Proposal. However, Bidders who do not submit a Notice of Intent to Bid will not be sent any further correspondence regarding this RFP. Bidders who do not submit a Notice of Intent to Bid may submit a Proposal.

## 2.7 Submission of Bids

### 2.7.1 Proposal Content and Instructions

Proposals submitted in response to this RFP are to be sent to:

NIPSCO 2008 Renewable Energy and DSM RFP  
ATTN: Vice President, Internal Audit  
801 E. 86<sup>th</sup> Avenue  
Merrillville, Indiana 46410-6271

Proposals may also be hand delivered, by the Bidder, to the Main Security Desk at the above address. The Security Guard will give the Bidder a receipt.

Proposals must be received in Auditing on or before 4:00 p.m. CST on January 15, 2009. Proposals that are received after the due date and time will be returned unopened to the Bidder, with a letter signed by the Vice President, Internal Audit. In order to facilitate an objective, impartial, and effective RFP evaluation, NIPSCO's Internal Audit Department and Independent Consultant will open all timely Proposals.

All Proposal terms and conditions shall be specified in detail in the RFP Forms, APPENDIX 6.

All Proposals must be submitted in accordance with the instructions and on the forms provided in APPENDIX 6. Bidders must submit three (3) bound hard copies, plus an electronic version of the Proposal and an electronic copy of the completed forms on a CD-ROM to Auditing on or before 4:00 p.m. CST on January 15, 2009. Only sealed proposals will be accepted. On the envelope, Bidder shall indicate "Response to NIPSCO 2008 Renewable Energy and DSM RFP."

All required Forms must be submitted in unlocked Microsoft Excel format. Forms submitted only in locked Microsoft Excel or pdf format will be considered non-responsive and may result in the disqualification of the proposal. Please refer to the instructions for completing the Forms to determine which forms must be completed for your proposal. Note that not all proposals will need to complete each and every form.

The opening of Proposals is not open to the public.



Timely Proposals submitted in response to this RFP will not be returned to Bidders. At the conclusion of the RFP, all Proposals will be archived by NIPSCO and destroyed in accordance with NIPSCO's procedures.

## 2.7.2 Minimum Requirements

All Proposals must satisfy all of the Minimum Requirements listed below, except where specifically noted. Failure of a Proposal to satisfy the Minimum Requirements will be grounds for dismissing a Proposal. However, NIPSCO and its Independent Consultant reserve the right to waive any immaterial deviation from and/or non-compliance with these Minimum Requirements.

### 2.7.2.1 Bidder Submission Requirements

- All Proposals must be received in Auditing on or before 4:00 p.m. CST on January 15, 2008 ("Proposal Due Date and Time"). Bidders must submit three (3) bound hard copies, plus an electronic version of the Proposal and an electronic copy of the completed forms on a CD-ROM to Auditing on or before 4:00 p.m. CDT on January 15, 2009.
- All Bidders must submit the required forms and the information requested on these forms. In the event that the electronic copy of the forms does not match the hard copies, the information contained on the electronic copy will prevail. NIPSCO and its Independent Consultant may, but is under no obligation to, contact a Bidder to request omitted or incomplete information.
- All required Forms must be submitted in unlocked Microsoft Excel format. Forms submitted only in locked Microsoft Excel or pdf format will be considered non-responsive and may result in the disqualification of the proposal. Please refer to the instructions for completing the Forms to determine which forms must be completed for your proposal. Note that not all proposals will need to complete each and every form.
- Any Proposal that attempts to generally disclaim the terms and conditions of this RFP and/or the PPAs without stating the specific exception and alternative language will be grounds for determining a proposal to be non-responsive, and therefore ineligible. Note that Energy Service Companies proposing DSM programs to reduce energy consumption and/or provide peak demand reductions are expected to offer their own contracts for consideration as attachments to their proposal.
- All Proposals must remain valid and binding offers for 180 days from the Proposal Due date and cannot be modified, except to be withdrawn in full. There will not be a Best and Final Offer phase to this RFP.

- **All Proposals must be signed by an officer or other agent of the Bidder and certify that such officer or other agent is duly authorized to make such binding Proposal(s) on behalf of the Bidder.**

### **2.7.2.2 Term of Proposal**

- The firm capacity and/or energy offered by the Proposal must commence no sooner than January 1, 2011.
- The minimum term length for a Proposal is three years.

### **2.7.2.3 Firm Nature of Proposal**

- All Proposals must provide scheduling flexibility commensurate with the operating characteristics of the proposed technology.
- All Proposals must not be restricted or limited as a result of other assets, not related to the Proposal, at that site.
- All Proposals offering firm capacity must be supported by identified resources to satisfy Midwest ISO requirements for NIPSCO to use this capacity as a network resource. Exceptions to this minimum requirement may be granted to intermittent Renewable resources and DSM Proposals.

### **2.7.2.4 Proposed Block Size**

- The minimum resource block size that NIPSCO will consider for a Wind, Bio-derived fuel Co-fired, Biomass, Landfill Gas or Central Solar Proposal is 5 MW. The minimum size requirement for any DSM or Distributed Solar Proposal is 500 kW of annual summer peak load reduction.

### **2.7.2.5 Financial Viability and Security Requirements**

- All Bidders must provide audited financial statements, including balance sheets, income statements and cash flow statements and related information containing two (2) most recent 12-month operating periods.
- All Bidders must document any non-publicly disclosed legal, regulatory, or civil actions that would affect the ability of the Bidder and/or its guarantor to maintain financial viability and security requirements.

### **2.7.2.6 Price Requirements**



- A Proposal's rates, terms, charges or prices must include any and all costs that NIPSCO will be required to pay to the Bidder for delivered firm capacity and/or energy. This includes without limitation:
  - The costs of all equipment, development, design, construction, commissioning, and all costs of meeting and maintaining compliance with current environmental regulations.
  - All costs to operate and maintain the generator facility over the life of the contract, including all fixed and variable O&M costs, taxes, insurance, and personnel related costs.
  - If a Proposal offers to provide its own fuel supply, it must include all costs for the commodity and transportation. The Bidder must also guarantee these costs and demonstrate credit support for the guarantee that is satisfactory to NIPSCO.
  - The cost of delivering capacity and energy to the proposed location/delivery point, including but not limited to costs of transmission service, interconnection and system upgrades, and new construction of transmission facilities, congestion and losses, and ancillary services. Furthermore, the costs for transmission upgrades to relieve transmission violations must be itemized and any associated cost sharing assumptions provided.
  - The impacts of any Production Tax Credits or other environmental benefits that accrue to the Bidder.
- A Proposal must make clear whether NIPSCO or the Bidder will own the associated and certified RECs.
- The proposed prices must be presented in the format specified in APPENDIX 6 Pricing Information Forms.

### 2.7.2.7 Permit and Authorization Feasibility

- All Proposals must document any barriers to obtaining the necessary regulatory and governmental permits and authorizations to execute or implement the proposed project on a schedule that meets the proposed start date.
- Bidders are responsible for certifying any Renewable Energy Credits associated with their proposals with a national certifying organization.

### 2.7.2.8 Site Development

- All Bidders must provide a site acquisition and development plan for new generation and the expansion of existing facilities, including any fuel or transmission infrastructure.
- All Bidders must provide proof of site control, if the Bidder already has control of a site.

### 2.7.2.9 Project Milestones

- All Bidders must provide the following Critical Milestones for proposed new facilities or expansion of existing facilities:
  - Site Certification Application Filed
  - Environmental Permit Application(s) Filed
  - Interconnection Application Filed
  - Irrevocable Orders Placed for major equipment
  - Firm Fuel Supply and Transportation Agreements Executed
  - Contractor Mobilization
  - Financial Closing

### 2.7.2.10 Minimum Operating Characteristics

- All Proposals must provide for delivery of physical energy to a designated Midwest ISO commercial pricing node. New facilities will be required to be registered with Midwest ISO as a commercial pricing node when placed in service. Exceptions to this minimum requirement may be granted on a case by case basis. Bidder's that take exception to these minimum requirements should state their exception on APPENDIX 6 Proposal Information Form 1.5.
- All Proposals must be able to achieve and sustain generation at the proposed capacity and/or energy profile while maintaining compliance with all permits and authorizations. Exceptions to this minimum requirement may be granted on a case by case basis. Bidder's that take exception to these minimum requirements should state their exception on APPENDIX 6 Proposal Information Form 1.5.



- All Proposals operating and scheduling rights must be assignable to the applicable Regional Transmission Organization.

### **2.7.2.11 Transmission Milestones**

- All Proposals must include an initial transmission feasibility study for power delivery into Midwest ISO. Exceptions to this minimum requirement may be granted to certain DSM Proposals and existing facilities within Midwest ISO. Bidder's that take exception to these minimum requirements should state their exception on APPENDIX 6 Proposal Information Form 1.5.
- All Bidders must initiate an interconnection study with transmission provider, at the Bidder's cost, if short-listed. Exceptions to this minimum requirement may be granted to certain DSM Proposals. Bidder's that take exception to these minimum requirements should state their exception on APPENDIX 6 Proposal Information Form 1.5.

### **2.7.2.12 DSM Proposals**

- All Bidders must provide written, binding agreements from customers committing to the installation, operation and maintenance of such DSM measures during the applicable term of the Proposal.
- All Bidders must provide written, binding commitments for the procurement and timely delivery of the equipment to be installed and for the installation of the measures on a schedule consistent with the required in-service dates.
- All Bidders must include a full and complete description of the individual DSM measures proposed to be installed, the total kW of summer peak load reduction by year, the monthly kWh reductions, by year, the price per KW of load reduction for each measure to be installed.
- All Bidders must specify the data and methodology used to determine the estimated demand reduction and annual kWh savings attributable to each DSM measure.

### **2.7.2.13 Proposal Exceptions**

- All Proposals must identify any exceptions to the RFP and the applicable PPA.
- All Proposals must explain, in writing, the condition, requirement, or facet of the RFP and/or applicable PPA to which the Bidder takes exception.
- All Proposals that take exceptions to the RFP and/or the applicable PPA must provide suggested replacement language acceptable to the Bidder.

### **2.7.3 Joint Proposals**

No Bidder may act through a partnership, joint venture, consortium, or other association or otherwise act in concert with any other person unless, as part of its Proposal, it provides written notification to NIPSCO and fully identifies all partners, joint venturers, members, or other entities or persons thereof. Any such partner, joint venturer, member or other entity or person must agree to be bound by the same requirements of Section 2.7.

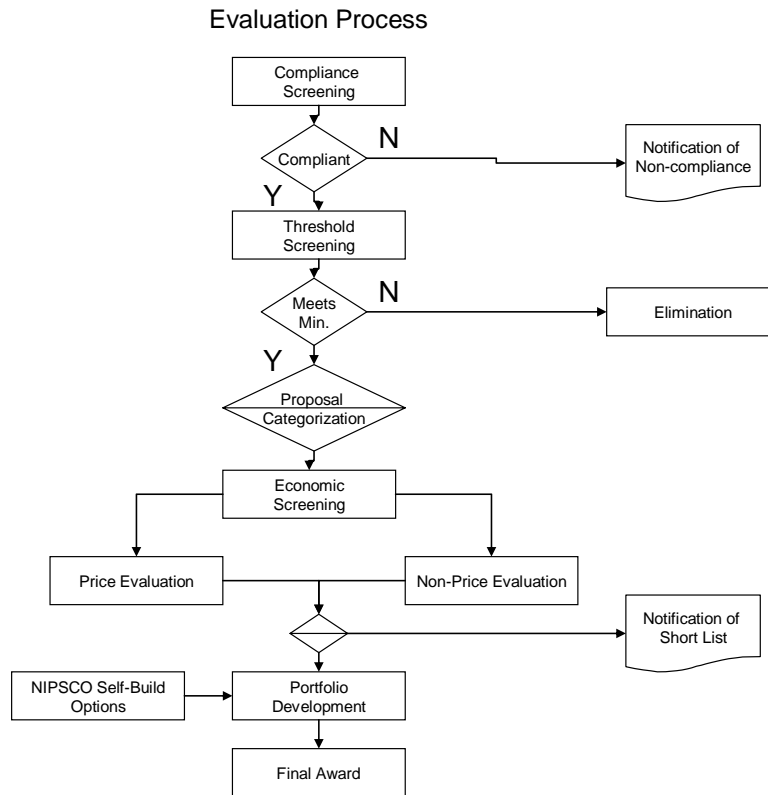
## SECTION 3 Evaluation Process

The objective of this RFP is to encourage and solicit proposals that allow NIPSCO to assess the most appropriate resource alternatives that meet the capacity and associated energy needs of NIPSCO's electric customers. NIPSCO's Independent Consultant will document and monitor the process of opening all Proposals, including the order in which they are opened, and will ensure that all Proposal documents are housed in a secure location.

NIPSCO and its Independent Consultant will use a multi-stage evaluation process to review Proposals and to select the preferred resources or portfolio of resources that provide the highest value consistent with NIPSCO objectives:

- Lowest Cost Reasonably Possible – NIPSCO desires to minimize the net present value of revenue requirements over the time period of 2010 through 2029,
- Reliability – NIPSCO requires a minimum amount of secured capacity to meet their projected summer peak demands and associated energy needs through 2016,
- Price Stability – NIPSCO seeks to minimize the impacts of fuel and energy market volatility, and
- Fuel Transportation Diversity – NIPSCO desires to maximize fuel reliability through diversity of fuel supply and transportation alternatives.

The preferred Proposal(s) does not necessarily need to be the lowest cost option(s) or the highest scoring Proposal(s) from a price and non-price perspective. Figure 3-1 Evaluation Process illustrates the NIPSCO evaluation process.



**Figure 3-1 Evaluation Process**

Upon completion of the Compliance Screening, Bidders that fail due to non-conformance will be notified of their status. After the Compliance Screening phase, NIPSCO will not notify Bidders as to their status until after the determination of the short list. Upon determination of the short list, NIPSCO will notify all Bidders as to the status of their Proposal. NIPSCO will not provide any explanation to Bidders that have failed to make the short list nor will it identify who made the short list.

Bidders on the short list may be invited for additional on-site discussions.

NIPSCO will retain written documentation of its decision-making process for Proposals that are selected or rejected, including the reasons for its decision. However, NIPSCO will not engage in any post RFP debriefings or provide any explanation as to decision making related to any Proposal.

### 3.1 Screening for Compliance

NIPSCO and its Independent Consultant will review all Proposals and ensure that each Proposal is:

- Received on time with all required forms completed in their entirety, and
- Signed by a duly authorized officer or agent of the Bidder

Proposals that meet the initial RFP compliance requirements shall pass to the next stage of evaluation, the Threshold Screening described below. Failure of a Proposal to satisfy these compliance requirements will be grounds for dismissing a Proposal.

NIPSCO and its Independent Consultant, at their sole judgment and discretion, may give Bidder's three business days to remedy their non-conformity. NIPSCO and its Independent Consultant reserve the right to dismiss any Proposal that is non-compliant.

### 3.2 Threshold Screening

NIPSCO and its Independent Consultant will review all Proposals and ensure that each Proposal meets the minimum requirements described in Section 2.7.2. The Threshold Screen will ensure that Proposals meet the informational requirements and other conditions specified in the RFP.

NIPSCO and its Independent Consultant, at their sole judgment and discretion, may give Bidders three business days to remedy any failures to meet the minimum requirements of this RFP. NIPSCO and its Independent Consultant reserve the right to dismiss any Proposal that does not meet the minimum requirements.

In addition to the minimum threshold, NIPSCO and its Independent Consultant will evaluate any non-publicly disclosed legal, regulatory, or civil actions that would affect the ability of the Bidder and/or its guarantor to maintain the minimum threshold criteria that may, in NIPSCO and its Independent Consultant's sole judgment and discretion, disqualify the Bidder from future consideration.

### 3.3 Proposal Categorization

All Proposals that meet the Compliance and Threshold Requirements will be categorized by the technology and operating characteristics of the Proposal in preparation of the price and non-price evaluation. NIPSCO and its Independent Consultant will categorize the proposals into the following groupings.

- Wind
- Hydro
- Bio-fueled
- Central Solar (connected to the transmission grid)
- Distributed Solar (connected to the distribution grid or located at a customer site)
- DSM

NIPSCO and its Independent Consultant will categorize Proposals in their sole judgment and discretion.

### 3.4 Economic Screening

All Proposals in a specific category will be ranked by the individual economics of each Proposal. Proposals will be evaluated using the price factors contained in the Proposal. The economic screening will be used to eliminate a portion of the least economically ranked Proposals from further evaluation.



### 3.5 Price and Non-Price Evaluation Process

Each of the remaining Proposals will be evaluated based on how well a Proposal satisfies NIPSCO's requirements using price and non-price criteria. The results of this combined analysis include a measure of the economic performance of the Proposal and a judgment of the relative risks presented by the Proposal. The results of the weighted price and non-price scoring will be used to rank Proposals in each category. As in the Economic Screening, Proposals will be evaluated against similar Proposals. NIPSCO's RFP Short List will be determined by the top ranked Proposals in each of the categories. NIPSCO and its Independent Consultant will, at their sole judgment and discretion, determine the number of Proposals that will be included in the Short List.

#### 3.5.1 Price Analysis

Proposals will be individually ranked by their individual economic impact on the NIPSCO system. NIPSCO and its Independent Consultant will use generation planning and production cost models to determine and evaluate:

- NIPSCO's net present value of revenue requirements over the time period of 2010 through 2029;
- The distribution of NIPSCO's net present value of revenue requirements over the time period of 2010 through 2029 when subjected to fuel, emissions, and load scenarios and sensitivities;
- The operating value;
- The impact of Midwest ISO congestion and marginal losses between the location/delivery point and the NIPSCO load hub; and
- The level of revenues generated from external sales when operating within a dynamic external market.

In addition to using the cost and performance information for each Proposal, NIPSCO's generation expansion model will use appropriate fill capacity to ensure that NIPSCO's requirements are met for each year of the study horizon. The fill unit characteristics and costs will be determined prior to the Proposal Due Date and Time. The fill unit characteristics and costs will not be shared with Bidders.

#### 3.5.2 Non-Price Analysis

Proposals will be individually ranked on non-price factors. The non-price criteria are important to NIPSCO. NIPSCO is interested in Proposals that offer operating flexibility, risk mitigation, diversity, security, and regulation services. The following list represents the key criteria for which the Proposal will be evaluated. However, NIPSCO will not provide details with respect to relative scoring and weighting. NIPSCO and its Independent Consultant will rank and score each Proposal based on the following applicable non-price criteria:



- Bidder Experience
- Credit
  - Financing
  - Performance Security
- Technical and Operations
  - Technology and Configuration
  - Commitment and Scheduling Flexibility, including Regulation
  - Maintenance Scheduling Flexibility
  - Ancillary Services, not including Regulation
  - Total Availability
  - Right to Resell
- Project
  - Project Schedule
  - Operations and Maintenance Plan
  - Engineering Study
  - Site Acquisition
  - Environmental Systems
  - Fuel Infrastructure
  - Transmission Infrastructure
  - Pending legal, regulatory, and environmental actions
- Proposal
  - Proposal Quality
  - Firmness of Pricing
  - Term Flexibility
  - Delivery Point
  - Termination Rights
  - Exceptions to RFP and/or applicable PPA
  - Indiana Economic Benefit
- Fuel
  - Dual Fuel and Fuel Switching
  - Inventory
  - Transportation Alternatives
  - Transportation Reliability



### 3.6 Portfolio Development

At this stage of the Evaluation Process, Short Listed Proposals and NIPSCO self-build options will be combined into various portfolios and compared and evaluated against each other. Proposals that cannot, by themselves, meet NIPSCO's needs through 2015 will be combined by NIPSCO's generation planning model with other options to create portfolios that can meet NIPSCO's needs. In addition, NIPSCO and its Independent Consultant will also consider the benefits of various flexibility options offered by the Proposals.

The portfolios will be developed using NIPSCO's generation planning models to identify the portfolios that best meet NIPSCO's needs. The key metric from this process is the net present value of revenue requirements for the NIPSCO system. All of the metrics identified in Section 3.5.1 will also be evaluated in this Portfolio Development phase.

A debt equivalence adjustment will be applied for purchase power obligations of more than three years. This adjustment represents the imputed cost, revenue requirement, for any additional common equity required to maintain NIPSCO's current debt-equity ratio. NIPSCO will use Standard and Poor's ("S&P") published guidelines as a basis for the equity imputation and its costs. A copy of S&P's article Wolinsky, Jeffery "Buy versus Build', Debt Aspects of Purchased-Power Agreements." May, 2003 is posted at [www.nipSCO2008rfp.com](http://www.nipSCO2008rfp.com). A risk factor of 25% will be applied. In conducting such an evaluation relative to the impact of purchase power and the computation of an equity adjustment, NIPSCO will also consider mitigating factors. The cost of additional equity will be included as part of the revenue requirements to all applicable purchase power proposals.

### 3.7 Generation Interconnection Study

Upon the notification of the short list, NIPSCO will require that notified Bidders begin their formal Generation Interconnection Study with the appropriate Transmission Provider(s), if not already completed ("Interconnection Study"). The Bidder is responsible for all costs associated with the Interconnection Study.

### 3.8 Final Selection

Based on the Portfolio Development results described in Section 3.6 and on the preliminary review of the system impact study portion of the Interconnection Study, NIPSCO and its Independent Consultant will select a group of Proposals ("Final Award Group") for contract negotiations.

NIPSCO intends to negotiate with the highest ranking Proposals sufficient to fill the resource needs. If negotiations with the Bidder indicate that NIPSCO is unlikely to



negotiate acceptable terms with the Bidder, NIPSCO may terminate negotiations. NIPSCO reserves the right to negotiate in parallel with multiple Bidders.

The basis for contract negotiations will be to discuss requested exceptions to the Master Power Purchase and Sale Agreement identified by the Bidder. If no such exceptions have been requested, the Bidder is expected to execute the contract in substantially the form of the Master Power Purchase and Sale Agreement in APPENDIX 2 or the Wind Purchase Power Agreement in APPENDIX 3. Bidders that request material changes to the Master Power Purchase and Sale Agreement at this stage of the RFP process and such material changes were not noted in their Proposal Exceptions will be subject to having their Proposal re-ranked by NIPSCO and its Independent Consultant. A Bidder's inclusion in the Final Award Group does not obligate NIPSCO to accept any changes to the Master Power Purchase and Sale Agreement that have been proposed in the Proposal Exception Form APPENDIX 6 Proposal Information Form 1.5.

Contracts are subject to approval by the appropriate regulatory agencies.

NIPSCO has not presented a form of contract for an Asset Purchase or Lease Agreement, or the Energy Services Contract. NIPSCO recognizes that the form of contract will be different from the Master Purchase Power and Sale Agreement and will initiate contract negotiations to develop an Asset Purchase or Lease Contract or an Energy Services Contract. However, the relevant contract language from the Master Power Purchase and Sale Agreement or the Wind Purchase Power Agreement will be adopted into an Asset Purchase or Lease Contract or the Energy Services Contract. Bidders will follow the same guidelines for exceptions to the Master Power Purchase and Sale Agreement, or should propose their own Energy Services Contract (for DSM Proposals).

## **SECTION 4 Regulatory Approval**

Any contract(s) that results from this RFP shall be subject to the satisfaction of conditions precedent that: (i) all applicable Indiana Utility Regulatory Commission filings and/or authorizations shall have been filed or issued, which orders are no longer subject to appeal or further rehearing or reconsideration, (ii) Bidder shall have FERC authorization pursuant to an approved tariff or final FERC order authorizing Bidder to make the sales of electrical energy and capacity contemplated by such contract, and such tariff or order shall no longer be subject to appeal or further rehearing or reconsideration, and (iii) each other governmental authority having jurisdiction over such contract shall have issued a final order approving such contract or otherwise authorizing sales of electrical capacity and energy under such contract, as applicable, which orders are no longer subject to appeals or further rehearing or reconsideration.

NIPSCO reserves the right to reject any proposed contracts that result from this RFP if subsequently issued regulatory approvals or authorizations are subject to conditions,

including ratemaking treatments, which are unacceptable to NIPSCO in its sole judgment and discretion.

NIPSCO shall use reasonable efforts to defend and uphold the validity of such a contract and its right to recover from its customers all payments required to be made by NIPSCO hereunder, and will cooperate in any effort by the Bidder to intervene in any proceeding challenging, or to otherwise defend, the validity of such a contract and the right of NIPSCO to recover from its customers all payments to be made by it hereunder.

Other than prior authorization from the Indiana Utility Regulatory Commission for which NIPSCO shall apply, a Bidder whose Proposal is selected will be solely responsible financially, legally, and otherwise, as applicable, for acquiring and maintaining all necessary governmental, creditor, and other third-party authorizations and consents necessary or appropriate to facilitate effectuation of 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 project identified in the Proposal.

## **SECTION 5    Reservation of Rights**

NIPSCO's RFP is not an offer to enter into a contract. Nothing in this RFP or any communication associated with this RFP shall be taken as constituting an offer or representation between NIPSCO and any other party. Neither issuance of this RFP nor the entry of NIPSCO into negotiations with any Bidder will be deemed to create a binding agreement with any Bidder. A Bidder's Proposal will be deemed accepted only when NIPSCO and the successful Bidder have executed definitive agreements. This statement notwithstanding NIPSCO reserves the right to withdraw unilaterally from any agreement if any regulatory agency with jurisdiction over NIPSCO and/or any of its affiliates conditions its approval on any changes, modifications, or additions to the agreement that NIPSCO deems, in its sole discretion, onerous or otherwise to destroy or diminish the advantages offered by the unmodified agreement.

This RFP shall not, by itself, give any right to any party for any claim against NIPSCO. By submission of a proposal, the bidder acknowledges that NIPSCO assumes no liability in any fashion with respect to this RFP or any matters related thereto. By submission of a proposal, each Bidder along with its assignees and successors, if any, agrees to be solely responsible for all claims, demands, accounts, damages, costs, losses and expenses of whatsoever kind in law or equity, known or unknown, foreseen or unforeseeable, arising from or out of this RFP and/or subsequent acts related thereto and acknowledges that NIPSCO assumes no liability in any fashion with respect to this RFP.

**BY PARTICIPATING IN THE RFP PROCESS, EACH BIDDER AGREES THAT  
(A) EXCEPT TO THE EXTENT OF ANY REPRESENTATIONS AND  
WARRANTIES CONTAINED IN A DEFINITIVE AGREEMENT WITH NIPSCO,  
ANY AND ALL INFORMATION FURNISHED BY OR ON BEHALF OF NIPSCO**



**IN CONNECTION WITH THE RFP IS OR WILL BE PROVIDED WITHOUT ANY REPRESENTATIONS OR WARRANTY, EXPRESSED OR IMPLIED, AS TO THE USEFULNESS, ACCURACY, OR COMPLETENESS OF SUCH INFORMATION, AND (B) EXCEPT AS OTHERWISE PROVIDED IN A DEFINITIVE AGREEMENT WITH NIPSCO, NEITHER NIPSCO, ITS AFFILIATES NOR ANY OF THEIR PERSONNEL, AGENTS, OR REPRESENTATIVES SHALL HAVE ANY LIABILITY TO ANY BIDDER OR ITS PERSONNEL, AGENTS, OR REPRESENTATIVES RELATING TO OR ARISING FROM THE USE OF OR RELIANCE UPON ANY SUCH INFORMATION OR ANY ERRORS OR OMISSIONS THEREIN.**

Each Bidder is solely responsible to pay any and all costs incurred by the Bidder in the preparation of a Proposal in response to this RFP, or to contract for any products or services proposed by any Bidder.

NIPSCO reserves the right, at any time and from time to time, without prior notice and without specifying any reason and, within its sole judgment and discretion, to:

- Cancel, modify or withdraw this RFP, reject any and all responses, and terminate negotiations at any time during the RFP process
- Determine what characteristics it considers necessary
- Discuss with a Bidder and its advisors the terms of any Proposal submitted by the Bidder and obtain clarification from the Bidder and its advisors concerning the Proposal.
- Consider all Proposals to be the property of NIPSCO, subject to the provisions in this RFP relating to confidentiality and any confidentiality agreement that may be executed in connection with this RFP, and destroy or archive any information or materials developed by or submitted to NIPSCO in this RFP.
- Request from a Bidder information that is not explicitly detailed in this RFP, but which may be useful for evaluation of that Bidder's Proposal.
- Determine which Proposals to accept, pursue, or reject.
- Reject any Proposals that are not complete or contain irregularities, or waive irregularities in any Proposal that is submitted.
- Accept Proposals that do not provide the lowest evaluated cost.
- Determine which Bidders to allow to participate in the RFP, including disqualifying a Bidder due to a change in the qualifications of the Bidder or in the event that NIPSCO determines that the Bidder's participation in the RFP has failed to conform to the requirements of the RFP.
- Conduct negotiations with any or all Bidders or with no Bidders.
- Execute one or more definitive agreements with any Bidder that submits a Proposal.
- Accept any combination of Proposals.
- Make changes to the assumptions that NIPSCO deems appropriate.

- Make changes to the approach detailed in the RFP, provided it is necessary to do so to deal with any unanticipated issues.

If at any time NIPSCO determines that there is a defect in the RFP process or a deviation from the requirements of the RFP or that collusive or fraudulent bidding has occurred or appears to have occurred, NIPSCO may suspend the RFP in whole or in part as to any Bidder or Bidders so involved.

## **APPENDIX 1 Confidentiality Agreement**

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## **APPENDIX 2 Master Power Purchase and Sale Agreement**

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## **APPENDIX 3 Wind Purchase Power Agreement**

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## APPENDIX 4 Bid Conference Registration

### **BID CONFERENCE REGISTRATION FORM** **NIPSCO 2008 Renewable Energy and DSM RFP**

A Bid Conference for the Intermediate/Peaking RFP and the Renewable Energy and DSM RFP will be held for potential Bidders and interested parties on November 12, 2008 beginning at 12:00 p.m. CDT/1:00 p.m. EDT.

This Bid Conference Registration Form should be returned to NIPSCO by October 30, 2008 (facsimile submissions are accepted at 770-989-4445 include "2008 Intermediate/Peaking RFP and Renewable Energy and DSM RFP Bid Conference Registration" in the subject line). Send response to the NIPSCO RFP Contact Person:

[nipsco2008rfp@ventyx.com](mailto:nipsco2008rfp@ventyx.com)

**Please indicate the name of the primary company representative attending the Bid Conference.**

Name: \_\_\_\_\_

Company: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

\_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

E-Mail: \_\_\_\_\_

We plan to send \_\_\_\_\_ representatives (listed below) to the Bid Conference.

\_\_\_\_\_

\_\_\_\_\_



## APPENDIX 5 Notice of Intent to Bid

### NOTICE OF INTENT TO BID NIPSCO 2008 Renewable and DSM RFP

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All potential Bidders are requested to submit a Notice of Intent to Bid to the NIPSCO RFP Contact by November 30, 2008 (facsimile submissions are accepted at 770-989-4445 include “NIPSCO 2008 Renewable Energy and DSM RFP Notice of Intent To Bid” in the subject line). Submitting a Notice of Intent to Bid does not commit a prospective Bidder to submit a Proposal. However, Bidders who do not submit a Notice of Intent to Bid will not be sent any further notices regarding this RFP.

**Return To:**            [nipsco2008rfp@ventyx.com](mailto:nipsco2008rfp@ventyx.com)

Proposed Bidder: \_\_\_\_\_

Company: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Telephone: \_\_\_\_\_

E-Mail: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Contact Name: \_\_\_\_\_

Contact Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Proposed Bid: \_\_\_\_\_



## APPENDIX 6 RFP FORMS

### Proposal Information

Form 1.1	Proposal Information
Form 1.2	Executive Summary
Form 1.3	Threshold Checklist
Form 1.4	Forms Checklist
Form 1.5	Bidder Exceptions
Form 1.6	Bidder Certification

### Financial Information

Form 2.1	Bidder Financial Information
Form 2.2	Corporate Parent or Credit Guarantor Financial Information
Form 2.3	Credit Information
Form 2.4	Supplemental Information

### Operating Characteristics

Form 3.1	Proposal Technology Overview
Form 3.2	Renewable Energy Resource Information
Form 3.3	DSM Resource Information
Form 3.4	Projected Outage Hours
Form 3.5	Operating Parameters
Form 3.6	Ancillary Services
Form 3.7	Fuel Overview and Operating Parameters
Form 3.8	Capacity and Heat Rates
Form 3.9	Miscellaneous Operations Data
Form 3.10	Description of Scheduling Process
Form 3.11	Emissions rates/Environmental Impacts
Form 3.12	Technical Benefits and Risks
Form 3.13	Bidder Operating Qualifications
Form 3.14	Delivery Point Definition
Form 3.15	Supplemental Information

### Project Information

Form 4.1	Project Plan and Milestones
Form 4.2	Construction Qualifications
Form 4.3	General Site Information
Form 4.4	Discussion on Site Benefits and Restrictions
Form 4.5	Pending Lawsuits and/or Enforcement Actions
Form 4.6	Project Discussion
Form 4.7	Operations and Maintenance Plan
Form 4.8	Transmission Infrastructure Plan

- Form 4.9 Fuel Infrastructure Plan
- Form 4.10 Project Financing
- Form 4.11 Supplemental Information

#### Pricing Information

- Form 5.1 Pricing Overview
- Form 5.2 Capacity Pricing
- Form 5.3 Energy Pricing
- Form 5.4 Fixed Operations and Maintenance Costs
- Form 5.5 Variable Operations and Maintenance Costs
- Form 5.6 Other Costs
- Form 5.7 Risk Management
- Form 5.8 Renewable and DSM Resource Information
- Form 5.9 Facility Purchase Pricing Information
- Form 5.10 Supplemental Information

#### Environmental Compliance

- Form 6.1 Environmental Equipment and Overview
- Form 6.2 Environmental Compliance Plan and Milestones
- Form 6.3 Allowance Acquisitions and Future Compliance Plans
- Form 6.4 State and Federal Environmental Regulations
- Form 6.5 Enforcement Actions
- Form 6.6 Site Permitting
- Form 6.7 Land Use and Other Permitting
- Form 6.8 Supplemental Information

#### Fuel Diversity Information

- Form 7.1 Fuel Overview
- Form 7.2 Fuel Procurement Qualifications
- Form 7.3 Fuel Limitations, Flexibility, and Reliability
- Form 7.4 Fuel Supply
- Form 7.5 Fuel Transportation
- Form 7.6 Fuel Commodity and Transportation Forecast
- Form 7.7 Supplemental Information