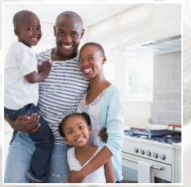
NIPSCO
A NiSource Company




2022 Summer Reliability Forum

NiSource

April 5, 2022




ENERGY MARKET DYNAMICS: DOMESTIC AND GLOBAL TRENDS

- The post pandemic rise in the global demand for all energy commodities has resulted in an upward spiral in energy prices and energy related commodities. The Ukrainian-Russian conflict has resulted in further price spikes
- Summer 2022 natural gas prices have rallied to multi-year highs due to increased LNG export demand, higher oil, coal, and other energy commodity prices.
- Coal prices drastically increased starting in the latter half of 2021 driven by increased demand and lower investment in the coal supply chain
- Summer 2022 power forwards are up year over year due to higher fuel prices, coal generation retirements, slower renewable energy project deployments, and greater energy demand
- Volatility and supply disruptions in global energy markets may lead to short term supply disruptions as production and distribution channels lag increasing demand
- NIPSCO is well positioned to manage these risks and will continue to aggressively administer fuel and energy supply agreements to ensure reliability

What actions are taken with fuel suppliers to ensure reliable electricity supply during summer peaking events? (continued)

NIPSCO Electric Fuel Supply: 2022 Coal and Natural Gas Supply Plan and Reliability

- **R. M. Schahfer Generating Station Coal Supply (ILB Coal):**
  - Coal and transportation supply agreements cover 100% of anticipated delivery requirements
  - Inventories are projected to trend close to target inventory[1] levels of 40 days supply at maximum burn rate
- **Michigan City Generating Station Coal Supply (PRB and NAPP Coal):**
  - Coal and transportation supply agreements cover 100% of anticipated delivery requirements
  - Inventories are projected to trend close to target inventory[1] levels of 25-30 days supply at maximum burn rate
- **Natural Gas Supply:**
  - NIPSCO has firm gas supply contracts to ensure natural gas for all electric generation needs

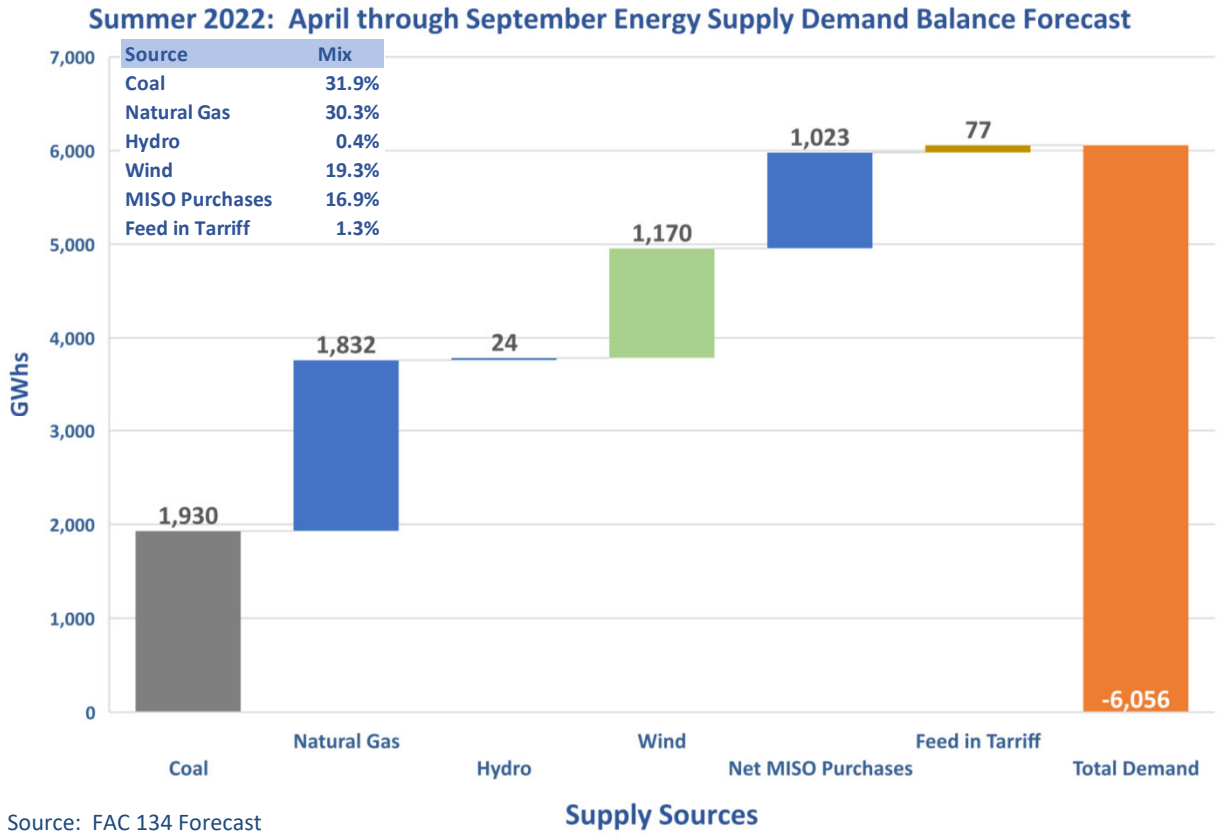
1. Inventory projections are provided in the appendix

2022 Energy Supply Plan, Reliability, and Supplier Performance Management

What actions are taken with fuel suppliers to ensure reliable electricity supply during summer peaking events? (continued)

Key Actions and Supply Management Plan:

- Robust fuel and energy supply agreements are in-place
- Energy and Fuel Supply contracts provide flexibility to react to supply mix and demand changes
- Solid internal controls and escalation processes are in place to manage supplier performance
- Load modifying resources are in place through Rate 831

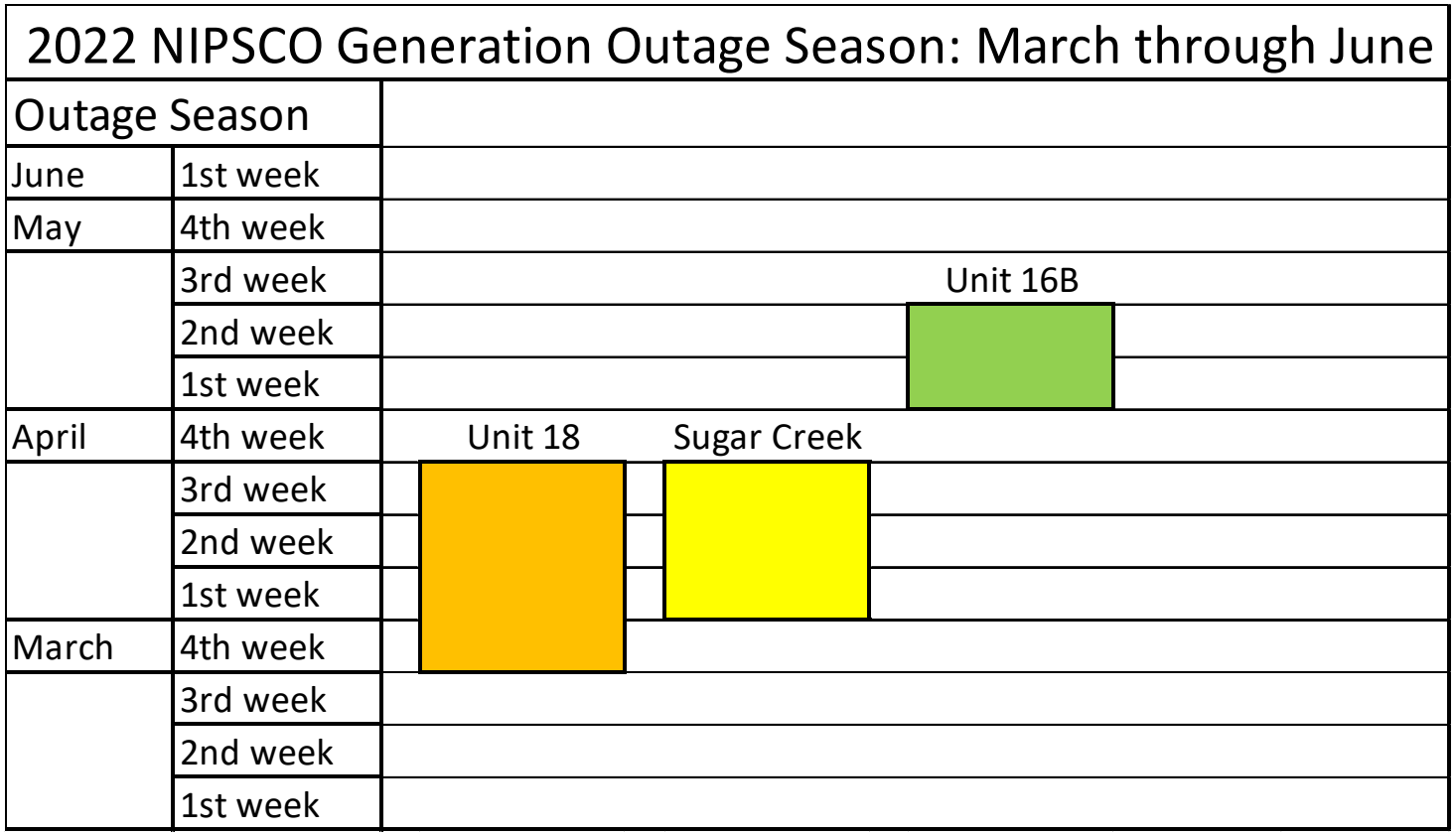


Source: FAC 134 Forecast

What ongoing RTO changes in markets, operations, resource adequacy, etc. is your company watching most closely and how might these potential changes impact your company's operations and resource requirements over the next 3-5 years?

- **FERC Order 2222**
  - NIPSCO has been active in the stakeholder process
  - Upcoming issues that will impact NIPSCO's customers include:
    - Distributed energy resource Interconnections
    - 60-day distributive energy resource aggregators (DERA) review window
    - DERA modifications
- **Seasonal Resource Adequacy Construct:**
  - MISO is currently working on responding to FERC's deficiency letter on its Seasonal Construct filing
  - If FERC ultimately approves the 4 seasons approach, NIPSCO will be required to increase resources during more times of the year
- **Long Range Transmission Planning**
  - NIPSCO has a Tranche 1 project, which is subject to MISO Board Approval
  - NIPSCO will be focusing on Tranches 2 and 3
- **Ambient Adjusted Ratings (AARs)**
  - FERC Order 881 was released in December. MISO has a compliance filing deadline of July 12, 2022. That deadline places NIPSCO's AAR compliance in the summer of 2025
  - Transmission Owners must provide normal and emergency AARs for all transmission facilities at least hourly for the current hour and next 10 days
  - AARs must be incorporated into transmission service and near-term markets

As we prepare for the summer season, what is the date by which all spring maintenance outages, if any, are planned to be completed? How will you address generation needs during those planned outages?



What actions are taken to prepare for severe weather events (i.e. extreme heat, tornados, hail, etc.)? Describe weather-related actions and how these might differ by the type of facility. Describe the planned actions one week prior to the expected start of the event and provide a timeline as the arrival of the weather event moves closer.

- Electric System Dispatch monitors the weather continuously
- NIPSCO also monitors the 15-day outlook that is provided by a contracted meteorological service
- When any adverse weather is identified, a detailed forecast for NIPSCO's service territory is created
- Based on the anticipated impact, NIPSCO implements NIPSCO's Electric Emergency Response Plan

Have you seen reductions in tree-related outages especially during storm events? Has your company made changes to distribution operations, management practices, and investments that have affected performance during and following storm events that limit outages and speed restoration?

- NIPSCO has experienced a reduction in the number of Tree Related Outages (TRO) on circuits that have been trimmed and that has carried through even during storm events
  - The reduction in the TRO has sustained on those circuits for a 5-year period before a gradual increase is observed
- NIPSCO has made significant investments in the dollars allocated for line clearance maintenance operations starting in 2016
  - The increase in funding has allowed for an increase in the number of crews on property to respond to TRO and reduce the need for securing off system crews to support storm events reducing the dollars needed to support storm events
- The increase in the number of crews has reduced the response time for the TRO
  - NIPSCO has been able to hold tree crews in preparation of storm events and not impact the restoration workforce

Have you seen reductions in tree-related outages especially during storm events? Has your company made changes to distribution operations, management practices, and investments that have affected performance during and following storm events that limit outages and speed restoration?

Vegetation Management Statistics

System Average Interruption Frequency Index (SAIFI):

2016-2018 Average Severe Days 17 Average Major Event Days (MEDs) 3.6

2019-2021 Average Severe Days 23.6 Average MEDs 7.6

Tree Outages Excluding MEDs	Year End
2016 - 2018 Avg. Tree Outages -NMS	3,637
2019 -2021 Avg. Tree Outages - NMS	3,060