HOOSIERENERGY

Summer Reliability Forum

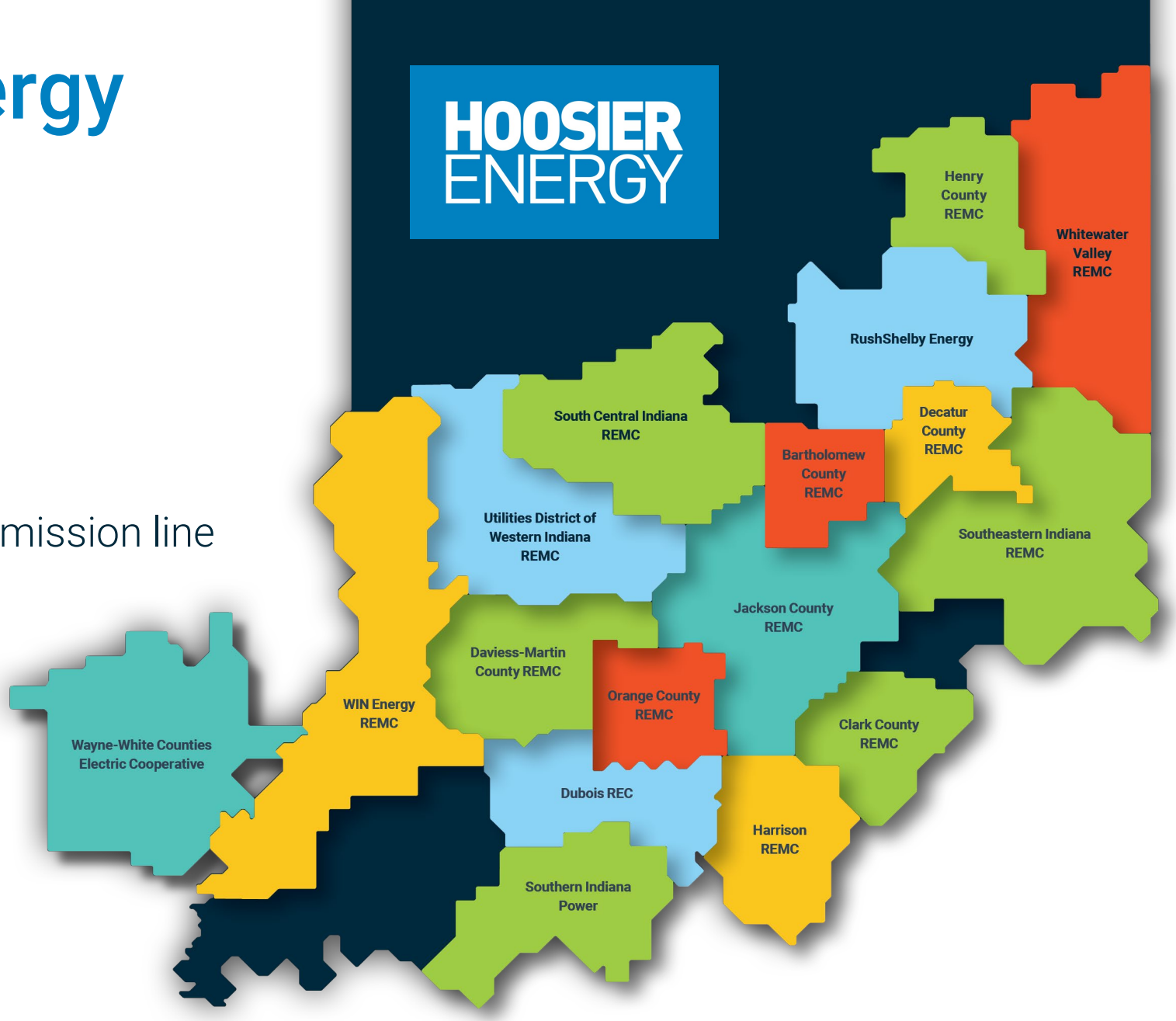
Indiana Utility Regulatory Commission

Donna Walker - President & CEO

May 20, 2025

About Hoosier Energy

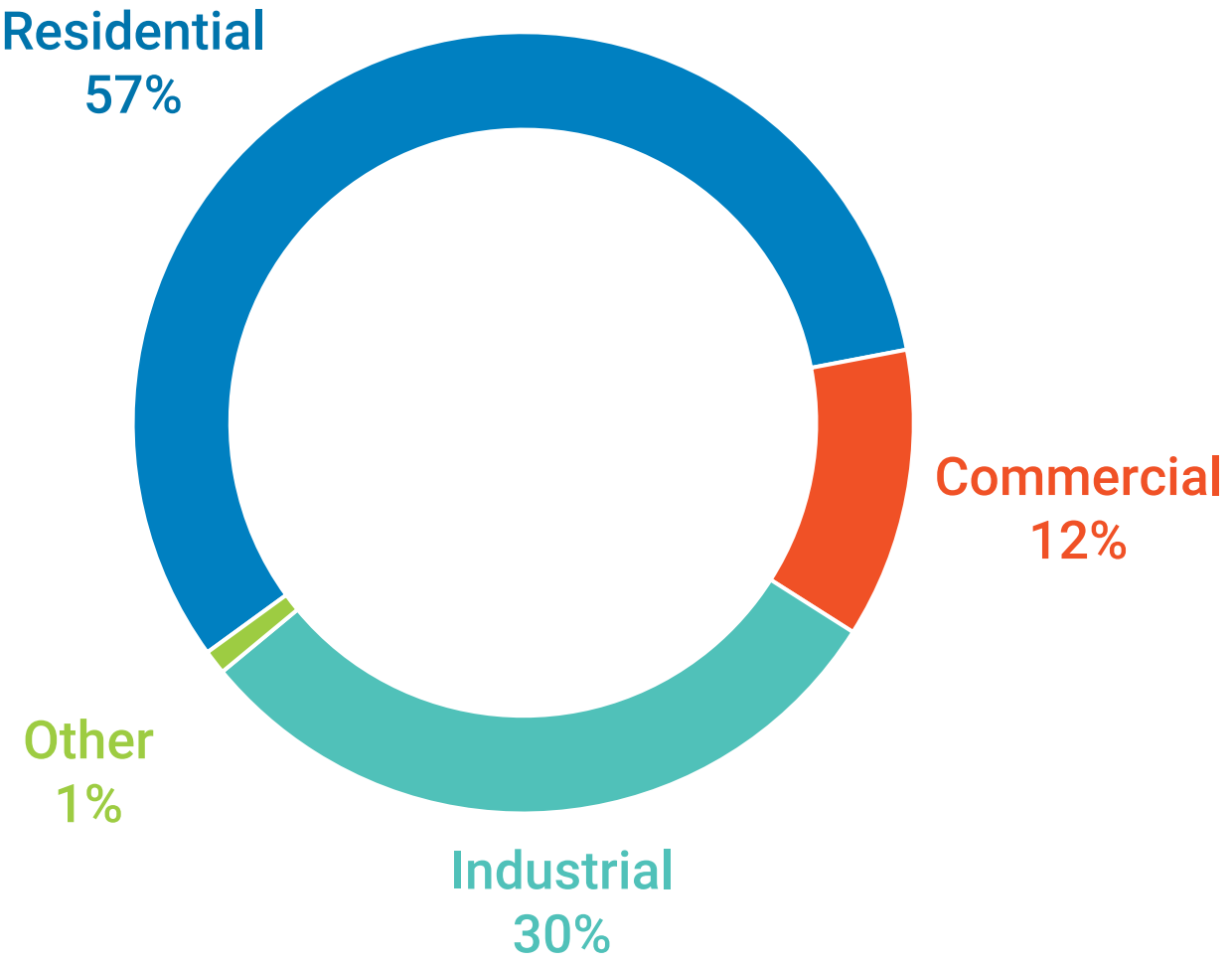
- G&T cooperative founded in 1949
- Non-profit
- Member systems serve more than 700,000 member-consumers
- Member of MISO and PJM
- Approximately 1,730 miles of transmission line
- 25 transmission stations and 313 delivery points
- Interconnections with 7 major utilities
- All-time system peak - 1,828 MW
- 284 employees



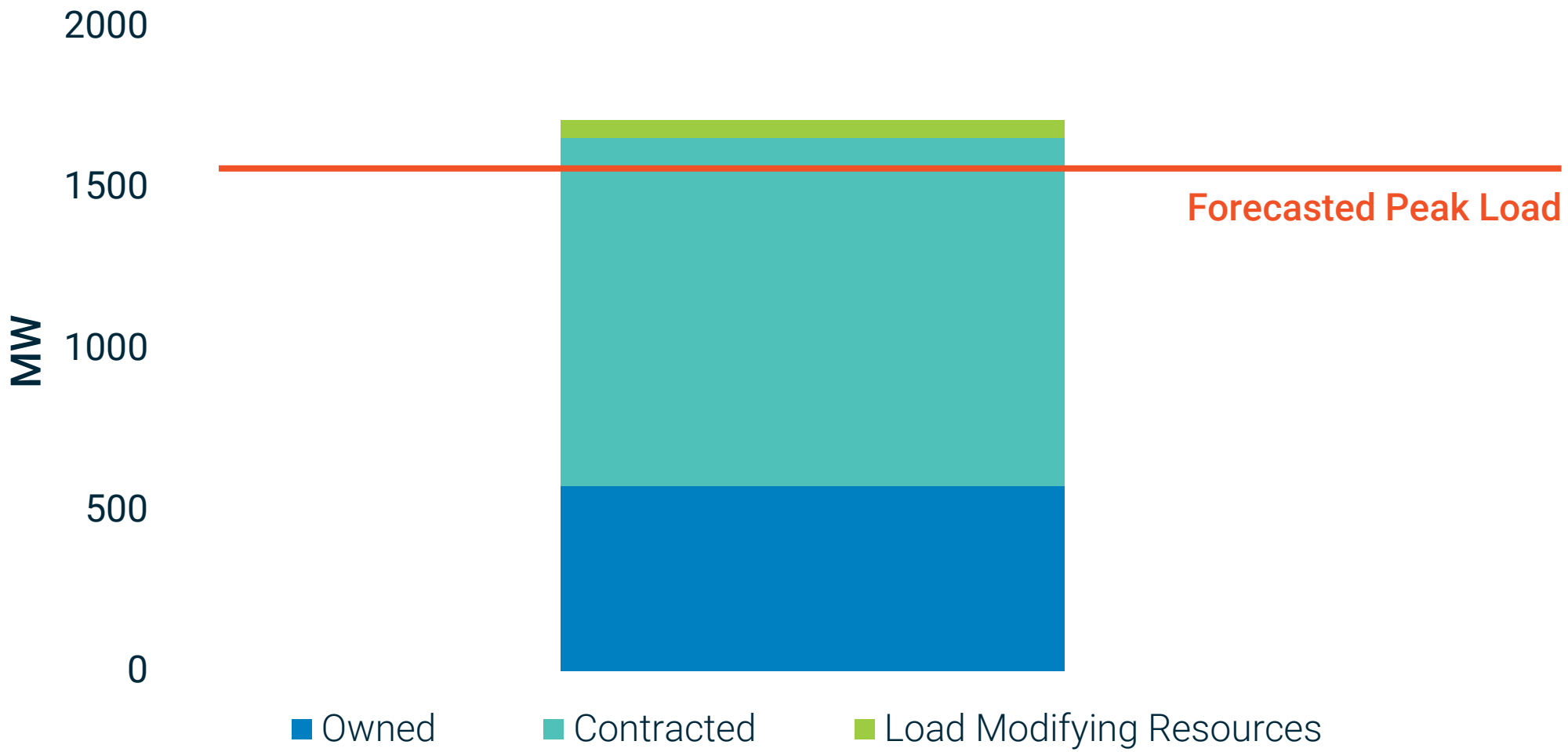
Member Systems

Energy Profile

- Diverse retail customer mix
- No single member system constituted more than 10% in 2024
- No single consumer constituted more than 3% of a member system's 2024 aggregate billings

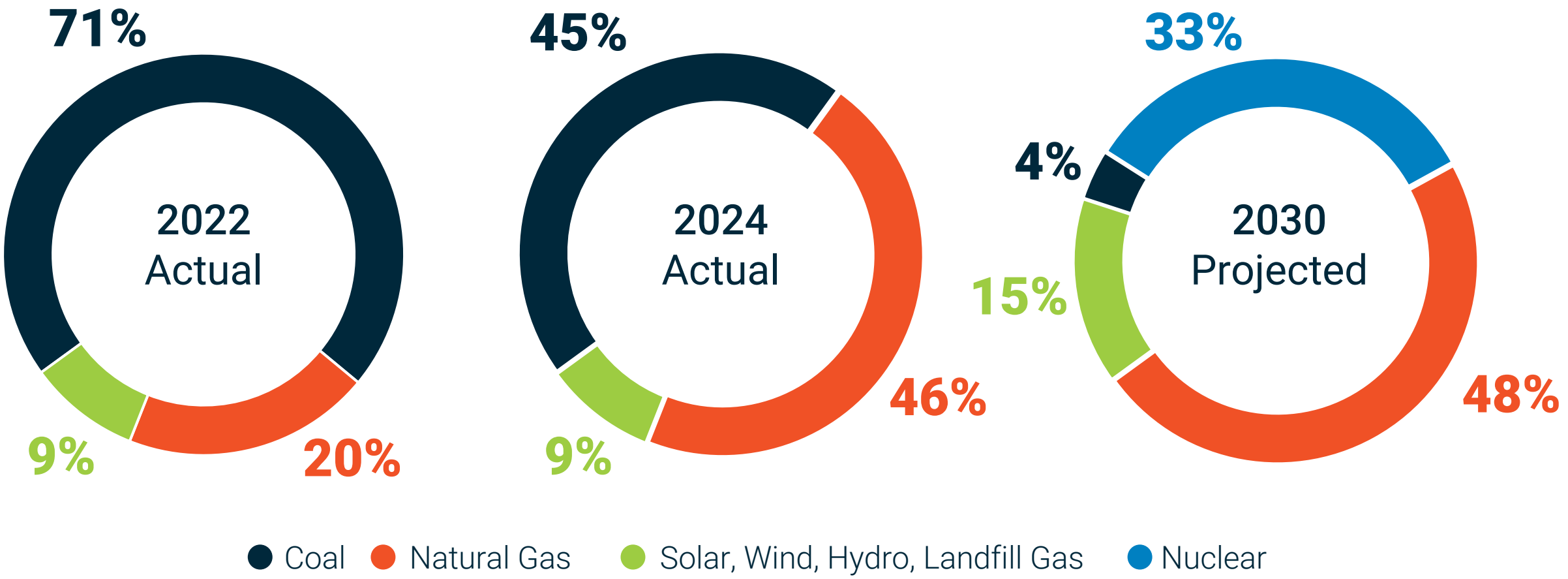


Supply Portfolio & 2025 Projected Summer Peak Load



Supply Portfolio Transition

Energy by Fuel Type



*As of April 2025

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Reliability Forum Q&A

Wholesale Cost Trends

- Hoosier Energy customer base heavily influenced by weather conditions
- Wholesale costs expected to remain stable for foreseeable future
- Wholesale costs are largely impacted by market trends
  - Upward pressure on cost of energy and capacity resources
  - Cost of transmission continues to increase, including approved reliability projects within MISO and costs associated with regional transmission owner investments to address aging infrastructure
- Inflationary impacts, supply chain constraints, and tariff uncertainty have put upward pressure on cost of all materials and services

Severe Weather Preparedness

- Multiple sources for assessing severe weather conditions
- Internal models updated frequently to provide comprehensive forecasts
  - Local/regional demand, transmission congestion, MISO & PJM pricing/reserve margins, etc.
- Notification of a pending weather event prompts a procedural refresher, assessment of market and operational conditions (energy, gas, pipeline), and implementation of a management plan
- Communications meeting with internal stakeholders and member systems to ensure appropriate contacts and approval authorities are available and engaged

RTO Hot Weather Alerts & Capacity Advisories

- Contact gas suppliers for potential pipeline interruptions or Operational Flow Order (OFO) conditions
- Report NOx limited constraints to be compliant with environmental emission limitations
- Notify load modifying resources (LMRs) for potential deployment (approx. 50 MW)
- One week prior to anticipated event:
  - Test communication systems (including backup power supplies)
  - Review available internal and contract labor resources and develop plans for labor availability
  - Review equipment, tools, fuel supply
  - Initiate plans to return all transmission system components that may be unavailable for maintenance outages, if possible
  - Return generation resources, if possible
- As an event develops, closely monitor neighboring systems, increase control center staffing, and change/develop strategies to address severity and system needs

Vegetation Management

- Hoosier maintains robust vegetation management practices, which helps to limit outages
  - Preventative maintenance tasks
  - Routine application of herbicides to limit growth into transmission lines
  - Actively engaged in widening property easements for critical transmission facilities
  - Automated/Remote Operated Switch expansion program – facilitates expedient sectionalizing the issue area and minimizing disruption
- Several operational efforts to limit outages and increase speed of restoration:
  - Remotely operated line switches, line fault indicators and digital fault recorders
  - Digital management of data and analytics
- Hoosier Energy crews also continue to provide storm recovery assistance to our member systems

Changes in Vegetation Management & Related Outages

- Increased number of severe storms in our service territory over the last 2-3 years
- Much of the storm-related tree outages are from healthy, off-right-of-way trees being uprooted or wind-broken into our lines. We are taking proactive steps to mitigate, including:
  - Removal of hazard trees identified by aerial and walk patrols, as well as aerial saw trimming to the extent of our rights-of-way
  - Purchased skid steers with forestry mulching heads for all vegetation management areas to enable line crews to respond and repair outages more efficiently
  - Expanding right-of-way on new line and line rebuild projects
- When considering storms outside of straight-line wind and tornado events, Hoosier Energy has not seen an increase in tree-related outages

Outage Restoration - Advanced Metering Infrastructure

- Hoosier Energy monitors all elements of our electrical system through an advanced energy management SCADA system
  - Outage information provided by SCADA system used for tracking outages, outage metrics, and communication to stakeholders
  - Most Hoosier members also use advanced metering infrastructure for real-time operations providing key insights during outage events
  - Resources are dispatched immediately upon recognition of an interruption to service

- Hoosier strives to remove personal judgement from restoration processes by providing as much data as possible from software and communication systems to drive decisions
  - If an event exceeds capability to immediately respond with internal resources, Hoosier's operations management team will prioritize outage locations based on number of affected consumers

Fuel Supply & Reliability Planning

- Fuel supply strategy ensures operations remain reliable, efficient and competitive, regardless of fuel type

- For natural gas, goal is to ensure fuel supply reliability at competitive prices
  - Enables generating capacity to be competitively offered into the day-ahead and real-time MISO markets on a daily basis

- In evaluating natural gas purchasing strategy and execution, consider core values of being reliable, efficient and competitive
  - **Reliable** – Provide for a timely, reliable supply of natural gas in the quantities necessary to meet the burn requirements of the generating facility
  - **Efficient** – Meet operational needs of generating facilities
  - **Competitive** – Provide lowest evaluated cost, incorporating various potential operating impacts as identified in the compatibility and reliability valuation process

Fuel Supply & Reliability Planning

- Primary supply agreements are 1-3 years
  - Allows for effective evaluation of potential suppliers that could further enhance reliability or reduce associated costs
  - Procurement flexibility provides ability to respond to changing market conditions

- Long-term investment in reliability
  - Natural gas is an important fuel source supporting industry transition
  - Recently purchased 50% ownership of St. Joseph Energy Center, a 720 MW natural gas facility; in partnership with Wabash Valley Power Alliance

Demand Response Impact - Load Modifying Resources (LMRs)

- Hoosier relies approximately 50 MWs of Load Modifying Resources (LMRs) for MISO capacity requirements across each season (< 3% of total load obligation)
  - Deployment communication protocol established through coordination with member systems
  - While LMRs contribute to diversity, their long-term role as a MISO resource remains uncertain

- Hoosier residential demand response programs contribute minimally to overall load reduction

5-Year Project Work Plan

Addressing Aging Infrastructure & Reliability Improvements

- Total of $411 million largely focused on efforts to modernize Hoosier's transmission system, address reliability needs, and enhance member value
  - **Strategic Reliability Improvements** - Projects that bolster reliability by replacing poor-performing substations with new substations interconnected to more robust systems that are simultaneously capable of addressing future load growth opportunities
  - **Reliability-Focused Aging Infrastructure Improvements** - Projects that address critical infrastructure needs identified by conditional assessments, historical data, and integrated studies
  - **Strategic Positioning & Economic Value-Based Projects** - Projects based on reliability and/or industrial load growth opportunity; project implementation may also offer strategic market benefit

Spring Maintenance Outages

- All spring outages scheduled to be completed by early June
- Robust internal outage coordination/optimization between generation and transmission operations, especially given recent changes in MISO
  - Coordination with neighboring utilities, MISO, and member systems
- Most generation outages take place in shoulder months and are typically completed during March, April, May, September, October and November
  - Strategy may change with implementation of MISO seasonal construct depending on outage and length of time required to complete work
  - Continued ongoing constraints for outage planning and scheduling include skilled labor, supply chain for parts, and RTO-related changes
- Transmission outages coordinated with neighboring utilities and MISO based on distribution system needs and load transfer capabilities

MISO Market Reforms & Resource Adequacy Seasonal Construct

- Market compensation mechanisms would be helpful to address reliability risks and to compensate generators for their contribution to system reliability, both in real-time and across the long-term planning horizon
- Evolution of MISO's resource adequacy construct reflects increased operating risks across the footprint
- Seasonal risks require different reserve margin requirements
  - Hoosier went into Planning Year 25/26 Resource Auction with length in both summer and fall
  - Accreditation and load change uncertainties make guarantees, even in similar seasons, difficult from Planning Year to Planning Year

Abnormally Dry Conditions

- Hoosier Energy owns industrial water wells at Worthington and Lawrence County combustion turbine stations
  - Wells used to supply water to closed-loop cooling tower systems and for pollution control water injection
  - Water capacity from wells has proven adequate to meet needs of facilities over lifespan
- Large fresh-water storage tanks exist at each location as well, providing resiliency and redundancy for water supply
- In an extreme event, generation units could experience a reduction in generating capabilities based on water temperatures or river levels

Energy Efficiency Programs & Bill Assistance

- Hoosier Energy and our member systems manage several energy efficiency programs, both for residential and commercial/industrial consumers:
  - Residential HVAC incentives for energy efficient heat pump installation/maintenance/operation
  - Energy efficient LED lighting conversion
  - USDA Technical Assistance Grant to promote REAP qualified energy efficiency and renewable projects in small businesses and agricultural producers
  - Load Modifying Resource (LMR) program with incentives for large commercial and industrial consumers during grid emergency events
- Regarding bill assistance, our member systems manage their programs individually and provide a variety of options to their member-consumers

Discussion

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