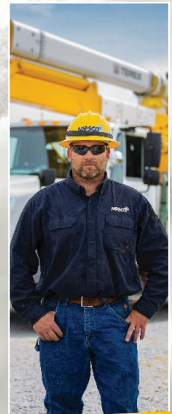
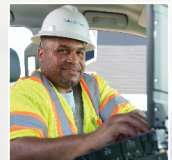
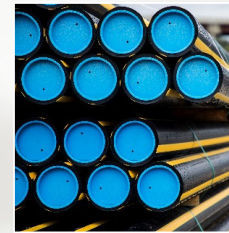




2021-22 Winter Reliability Forum

October 28, 2021



INTRODUCTIONS



Mike Hooper
President and COO



Steve Sylvester
VP Gas Operations



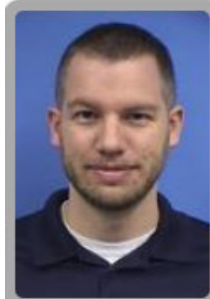
Ron Talbot
SVP Electric Operations



Kurt Sangster
VP Electric Generation

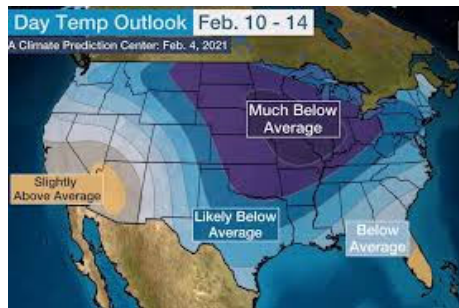


Erin Whitehead
VP Regulatory and Major
Accounts



Andy Campbell
Director, Portfolio Planning
and Origination

The February 2021 polar event caused natural gas pricing issues across the U.S., which affected several of Indiana’s natural gas operators. Please provide an update on the mitigation strategies currently being utilized to prevent similar pricing issues in the future. Also, please explain how these mitigation efforts may differ from strategies used in previous years.



Portfolio Components	
Storage	68%
Transported Supply	29%
Delivered Supply	3%
Total	100%

Winter Supply Mix for the 2021-2022 Heating Season

NIPSCO expects to have 64.6% of its winter demand hedged going into the winter from a combination of physical gas injected and stored during the summer months for use during the winter and financially through its gas hedging volatility mitigation program and long-term gas hedges.

Gas Supplies

- NIPSCO maintains on-system liquid natural gas (“LNG”) and Royal Center Storage facilities that can be ramped up during pricing or reliability events
 - At maximum capacity these two facilities can store close to 8 billion cubic feet of natural gas.
- In February 2021 NIPSCO utilized its LNG facilities protecting its GCA customers from an additional 1,100,000 Dth of market purchases saving an estimated \$134 million
- While NIPSCO, of course, needed to purchase daily supplies for the 4-day period, incorporating LNG into the plan substantially reduced the amount of those daily purchases
- These resources are available for the 2021-2022 heating season as well
- With the recent gas price increase, NIPSCO’s financial hedges have mitigated price volatility and off-set nearly \$30 million in gas costs (through October 20, 2021) based on current prices

Response continued

On October 20, after working collaboratively with stakeholders, NIPSCO received approval from the Commission to modify the over and under delivery provisions of its large gas transport tariffs to be implemented for the 2021-2022 heating season.

Proactively taking steps to Mitigate Price Spike Impacts

- The freeze-offs related to the February 2021 polar event caused an overall tightening of supply, NIPSCO, as well as pipeline operators and surrounding LDCs utilized tariff mechanisms to increase overall system reliability
- While NIPSCO was able to supply its customers and maintain a high level of reliability, limiting of the banking service resulted in the transporters over delivering supplies and forcing a cash-out situation per NIPSCO Tariff
- NIPSCO, the OUCC, and the NIPSCO Industrial Group worked collaboratively to develop alternative provisions relating to over deliveries to protect GCA customers from daily price commodity market spikes
 - Old tariff: daily price based at a 30% discount
 - New tariff: lesser of first of the month pricing or daily price at a 30% discount
 - Designed to protect the GCA customer from sudden price spikes in the daily and monthly indices

What actions do you take to prepare for extreme cold weather events? Describe your winterization actions and how these might differ by type of facility. Describe the actions undertaken beginning one week before the expected start of an event and provide a timeline as the arrival of the weather event moves closer.



NIPSCO's Gas and Electric Teams coordinate throughout the year. Additional, more specific coordination takes place during a winter weather event to ensure employees have the necessary information to implement actions to help ensure reliability during the event

General Preparations

- NIPSCO routinely prepares for extreme weather events and invests in modernization, through statutes established by the General Assembly like the TDSIC
- Perform annual weatherization activities at generating facilities
- Similar to polar vortexes in 2014 and 2019, extreme weather and cold temperatures are not uncommon in Indiana and our facility design takes that into account
- Indiana's fully regulated model enables and promotes effective system improvements that maintain reliability in a cost effective way for our customers
- Continuing to monitor supply chain issues to proactively address any challenges

Response continued

Electric Operations

- In NIPSCO Electric Generation, planning to prepare for cold weather operation begins in August
- Each coal and gas fired facility adds supplemental heaters to areas with potential freezing issues at very low temperatures
- NIPSCO Electric Generation begins detailed execution for an extreme cold weather event about a week in advance
 - Topping off of critical commodities and discuss how deliveries will be guaranteed during the event, with a minimum target of about one week
 - Diesel/kerosene heaters are fueled up and begin operating and the plan is executed to ensure continuous fueling throughout the event
 - Work closely with MISO to ensure available units are in service, thereby minimizing potential start up failures due to extreme weather
 - It is much easier to keep an operating unit from freezing and operating through the event rather than initiating start up during an extreme weather condition
 - Additional operations rounds are added to monitor equipment
 - If the event includes snow or other conditions that would inhibit travel, a full shift of additional operators are added to stay at the plant for the duration to ensure coverage during the event
- No extraordinary measures are needed to operate wind turbines during extreme weather events. The wind turbines have cold weather packages that operate normally in ambient temperatures down to -22°F.

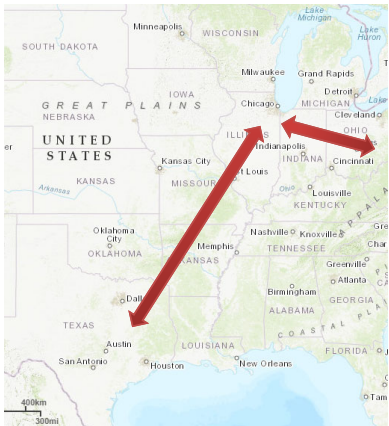
Response continued



Gas Operations

- Each local operating area has a Winter Operations Plan
 - Goal is to ensure safe, reliable gas distribution service to customers during periods of high demand
 - Collecting and compiling cold weather (peak day) information enables NIPSCO to proactively address potential operational issues
 - Provides a platform for system planning and modeling
 - Reviewed each spring to discuss projects to improve the system for the next winter
 - Also review each regulator in a pressure regulating station to ensure adequate capacity
 - Each fall, the Plan is reviewed to discuss expectations, as well as roles and responsibilities during a System Monitoring Event
- System Monitoring Event
 - System is designed to withstand temperatures of -22° Fahrenheit
 - Additional system monitoring takes place as defined in the Plan
 - NIPSCO has a documented process for how system monitoring is to be completed
 - A report is compiled to review for future preparations
- Continuing to invest in improvements to enhance the system
 - As part of the Winter Operations Plan
 - As part of TDSIC and other investments

Even if Indiana gas utilities take care of their facilities, could a lack of or inadequate preparation by gas facilities in other states pose problems for Indiana utilities and their customers? If so, how can natural gas companies increase coordination throughout the industry and mitigate structural and operational discontinuities?



NIPSCO’s System Provides Back Up Options

- Yes, supply challenges by gas facilities in other states could pose problems for Indiana utilities.
- Having a more diverse portfolio of supplies mitigates that risk by having a host of different facilities to call upon to feed the Indiana utility system.
- Natural gas companies including pipeline, storage, and distribution companies do already work together to anticipate potential issues especially as weather events that could stress the system approach.
 - For example, the Chicago area utilities along with a major pipeline that feeds our distribution systems, coordinate as cold weather approaches to assess the state of the system and act accordingly.
- LNG and the Royal Center storage facility aid in mitigating out of state risk

How do you work with fuel suppliers and pipelines to assure the availability of fuel during extreme weather events?



- NIPSCO has the advantage of acquiring its gas supplies from multiple sources that crisscross the Midwest
 - NIPSCO has access to 7 major interstate pipelines just in our service footprint
- The advantages of these diverse supplies, including NIPSCO's storage facilities, allow our gas purchasers to seek the best price for our customers without being tied to a single point of risk
 - While gas well head freeze offs in the mid-continent region caused prices in February to rise above \$100/Dth in many locations, NIPSCO was able to limit this exposure due to its diverse supply portfolio including the assets mentioned above and the ability to purchase gas from multiple locations

Please describe your power supply hedging and gas supply contracting arrangements for your company's generation facilities. Do any of the supply and contracting arrangements differ by season? Additionally, fuel availability, especially for natural gas, varies over time; how do you account for variable fuel availability in your reliability planning?



- *Natural Gas Generation*
 - NIPSCO enters into gas supply arrangements for firm supplies of natural gas to the burner-tip
 - For NIPSCO's Sugar Creek combined cycle generating turbine, NIPSCO maintains a gas pipeline transport contract on Midwestern Pipeline providing access to both Chicago and Tennessee Valley pricing locations
- *Coal Fired Generation*
 - NIPSCO maintains firm rail transportation and coal supply contracts. NIPSCO also seeks to maintain a 30 day supply of coal, when feasible, at its generation stations
- *Electric Hedging*
 - NIPSCO also maintains a program where gas supply for Sugar Creek is hedged at 50% of the unit's expected on-peak generation (excluding off-system sales)
 - As further protection from intra-month gas volatility, during certain winter months NIPSCO "converts" some of these gas contracts to power contracts to achieve an intra-month hedge
 - NIPSCO also hedges 50% percent of its expected On-Peak MISO Purchases occurring above what its generation assets can provide
 - Hedged volumes naturally change with the season based on expected load, outage schedules, unit availability, etc.



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- Give the Gift of Energy
- Understanding Your Bill

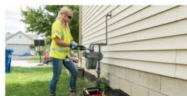

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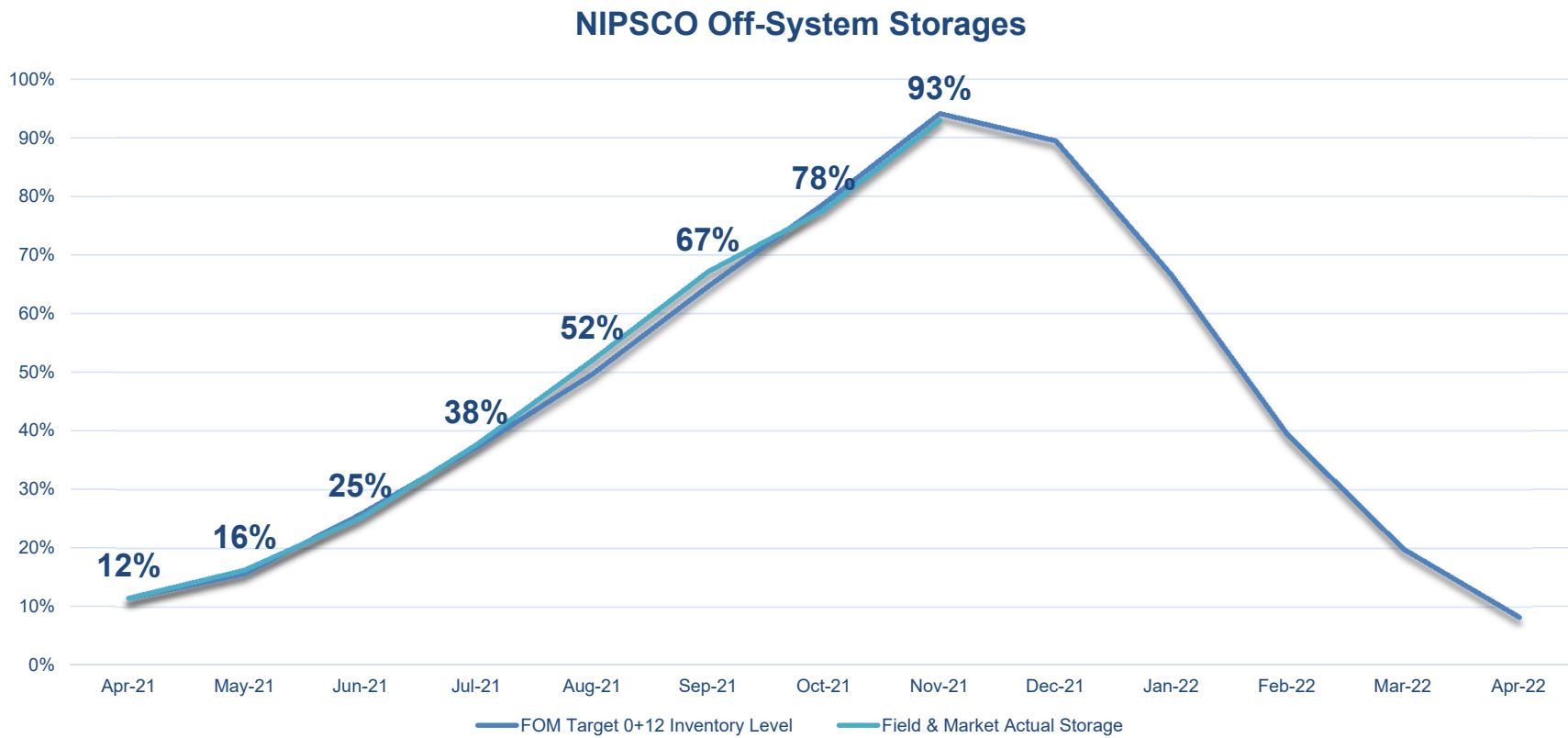
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APPENDIX

NIPSCO STORAGE POSITION - WINTER 2021-2022 (PROJECTED)



NIPSCO WINTER SUPPLY MIX – WINTER 2021-2022 (PROJECTED)

Total Sales Volumes (Nov - Mar)					64,878	100.0%						
Storage Volumes (Fixed Price)					29,224	45.0%	} Targeted to be within the 50-65% threshold					
Financial Hedge Volumes (Fixed Price)					6,690	10.3%						
Financial Hedges Long Term Volumes (Fixed Price)					6,040	9.3%						
Short-Term Volume (Market Price)					22,924	35.3%						