



January 12, 2024

Dr. Brad Borum
Indiana Utility Regulatory Commission
101 West Washington Street, Suite 1500 East
Indianapolis, Indiana 46204-3419
Via email: bborum@urc.in.gov

Re: Draft Director's Report for AES Indiana's 2022 Integrated Resource Plan

Dear Dr. Borum,

Advanced Energy United ("United")¹ (formerly Advanced Energy Economy) respectfully submits the following comments regarding the Draft Director's Report ("Draft Report") for AES Indiana's ("AES") 2022 Integrated Resource Plan ("IRP") filed with the Indiana Utility Regulatory Commission ("Commission").

Introduction

United appreciates the opportunity to provide comments on the December 5, 2023 Draft Report. United similarly appreciates the Draft Report's acknowledgement that the energy industry is evolving and becoming more complex as technology and consumers' opportunities to more actively participate in the market are advancing. Indiana holds significant untapped potential, especially regarding renewable energy sources, decarbonizing power generation, utilization of emerging technologies, and adoption of policies facilitating electric vehicles, distributed generation, storage, and demand-side management.

United supports several of the updates and policies that AES has put forward in its IRP, including the potential addition of up to 1,300 MW of renewables by 2027.² As noted in its March 31, 2023 comments, United agrees with AES' commitment to pursue least-cost strategies and to that end offered analyses with its earlier comments demonstrating expected savings to ratepayers from different scenarios. AES should be encouraged to balance consumer affordability in the short and long term by investing in sustainable projects and

¹ United is a national business association representing leading companies in the advanced energy industry. United supports a broad portfolio of technologies, products, and services that enhance U.S. competitiveness and economic growth through an efficient, high-performing energy system that is clean, secure, and affordable.

² AES Indiana Charts Smarter Greener Future. (2022, December 22). AES Indiana. January 8, 2024, <https://www.aesindiana.com/aes-indiana-charts-smarter-greener-future>

prioritizing clean energy, all while transitioning away from an overreliance on expensive and volatile fossil fuels.³ United’s observations and recommendations are intended to support AES’ stated sustainability goals as well as mitigate system risks to strengthen the IRP. United therefore hopes that AES incorporates its suggestions and proposals as soon as possible to realize their full benefits, and if not, be incorporated into AES’ next integrated resource plan. In addressing certain elements of the Draft Report, the absence of a response to any particular proposal or comment does not necessarily indicate agreement with that proposal or comment.

Comments

AES should be careful not to over-value the reliability and under-value the risk of new fossil fuel generation

AES’ commitment to leave coal by 2025 and vision for a net zero carbon future⁴ are commendable and a step in the right direction. United encourages AES to attain these goals through advanced and renewable energy technologies without any further expansion of fossil fuels, even in the short term. In the context of Petersburg Units 3 and 4, with today’s clean energy technologies, there is no need to replace them with natural gas, let alone keep them burning coal.⁵ Instead, like Sierra Club, United urges their replacement using renewable resources.⁶ As noted in United’s earlier comments, relying on renewable energy sources and storage also protects AES’ customers from volatile natural gas prices.⁷ AES’ customers can also benefit from lower cost renewable energy and energy storage if AES takes advantage of new federal programs.⁸ It does not appear that AES fully considered the availability of federal funding and other alternatives made more accessible under recent changes to federal law when weighing the conversion of Petersburg Units 3 and 4 to natural gas. United respectfully requests that the final Director’s report encourage AES to more fully consider the advantages of relying on renewable energy sources and energy storage over natural gas.⁹

³ Indiana Utility Regulatory Commission. Comments of Advanced Energy United filed March 31, 2023. Available at <https://www.in.gov/iurc/files/Advanced-Energy-United-AES-Indiana-IRP-2022-Comments-FINAL.pdf>, p. 2

⁴ Gluski, A. (n.d.). Sustainability is Core to Both our Strategy and our Culture. AES. January 8, 2024, <https://www.aes.com/sustainability>

⁵ For example, the Hoosier Environmental Council proposes that Petersburg Units 3 and 4 can be replaced with community solar model combined with battery storage. See Indiana Utility Regulatory Commission. Draft Director’s Report For AES Indiana’s 2022 Integrated Resource Plan filed December 5, 2023. Available at <https://www.in.gov/iurc/files/Directors-Draft-AES-IRP-Report-12-5-23-Finalized.pdf>, p. 20-21

⁶ P. Indiana Utility Regulatory Commission. Draft Director’s Report For AES Indiana’s 2022 Integrated Resource Plan filed December 5, 2023. Available at <https://www.in.gov/iurc/files/Directors-Draft-AES-IRP-Report-12-5-23-Finalized.pdf>, p. 21-22

⁷ Indiana Utility Regulatory Commission. Comments of Advanced Energy United filed March 31, 2023. Available at <https://www.in.gov/iurc/files/Advanced-Energy-United-AES-Indiana-IRP-2022-Comments-FINAL.pdf>, p. 4

⁸ Indiana Utility Regulatory Commission. Comments of Advanced Energy United filed March 31, 2023. Available at <https://www.in.gov/iurc/files/Advanced-Energy-United-AES-Indiana-IRP-2022-Comments-FINAL.pdf>, p. 4

⁹ Indiana Utility Regulatory Commission. Comments of Advanced Energy United filed March 31, 2023. Available at <https://www.in.gov/iurc/files/Advanced-Energy-United-AES-Indiana-IRP-2022-Comments-FINAL.pdf>, p. 3



AES should plan for Commercial and Industrial demand for clean energy in its IRP

United's earlier comments supported using green tariffs to allow customers to access cost-competitive renewable energy from the utility without imposing costs on non-participants. This is especially important for Indiana companies and institutions that are major employers and large electricity consumers with clean energy commitments. The Draft Report's support for innovative rates and tariffs is consistent with this position.¹⁰ Congruous with this thinking, United respectfully asks that the final Director's report encourage AES to develop a green tariff for its customers and, when developing its next integrated resource plan, factor associated renewable energy resources into calculations of costs of different portfolios to the full customer base.

AES should elevate distributed and demand-side resources as powerful tools to serve both customer and grid needs

The Draft Report's affirmation that DERs should be viewed more as an opportunity and a resource in the integrated resource plan process heartens United.¹¹ United strongly agrees that the potential impact of rate design is often underappreciated. In addition to emphasizing time-varying rate structures, United respectfully submits that the final Director's report should recommend that in future integrated resource plans AES should explicitly recognize that the costs associated with behind-the-meter DERs are often borne by the system owner, which clearly impacts a cost-effectiveness analysis from the utility's perspective. Given the multiple benefits of DERs, United further urges the final report to encourage AES to examine the impact of offering modest incentives (*i.e.*, \$500/kW) to promote DER development. Such investments may result in meaningful capacity resources and other benefits at far less cost to AES' customers than wholly-owned utility investments providing the same or similar benefits. United cannot overestimate the potential value of demand-side resources. The limited availability of federal dollars and programs instills some urgency to taking advantage of such resources.

United also encourages regulators to be proactive in creating policies and processes that foster demand-side resources instead of waiting for deeper market penetration before taking an active role. Creating a marketplace that will attract distributed and demand-side resources to Indiana will hasten the realization of the benefits such resources bring to customers, utilities, and the overall State economy. Proactive work is especially important as advanced energy, energy storage, and transportation technologies are being integrated with the grid at higher

¹⁰ <https://www.in.gov/iurc/files/Directors-Draft-AES-IRP-Report-12-5-23-Finalized.pdf>, p. 30

¹¹ Indiana Utility Regulatory Commission. Draft Director's Report For AES Indiana's 2022 Integrated Resource Plan filed December 5, 2023. Available at <https://www.in.gov/iurc/files/Directors-Draft-AES-IRP-Report-12-5-23-Finalized.pdf>, p. 29



and higher rates. Neighboring states, such as Illinois, are actively implementing policies to promote and accommodate DERs on the electric grid.¹²

Conclusion

United recognizes and appreciates the significant work by all those at AES, the Commission, and fellow commenters seeking to improve Indiana's grid through advanced energy resources. Although policymaking during periods of rapid technological and market change is not easy, United urges adoption of its recommendations as soon as possible to hasten the economic and employment benefits associated with advanced energy resources. United looks forward to working with all stakeholders on these important issues.

Respectfully submitted,

Michael Weiss, Principal

Advanced Energy United
mweiss@advancedenergyunited.org
Advanced Energy United

¹² See, for example, Illinois Commerce Commission Docket No. 22-0486, Order Requiring Commonwealth Edison Company to file an Initial Multi-Year Integrated Grid Plan and Initiating Proceeding to Determine Whether the Plan is Reasonable and Complies with the Public Utilities Act, and Docket No. 22-0487, Order Requiring Ameren Illinois Company to file an Initial Multi-Year Integrated Grid Plan and Initiating Proceeding to Determine Whether the Plan is Reasonable and Complies with the Public Utilities Act. Available at <https://www.icc.illinois.gov/docket/P2022-0486/documents/326322> and <file:///Users/michaelweiss/Downloads/567990.pdf>

