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Via U.S. Mail and Email to URCComments@urc.in.gov

Indiana Utility Regulatory Commission
c/o Ryan Heater
101 West Washington Street, Suite 1500 East
Indianapolis, Indiana 46204

**Re: Comments on Proposed Analyses Related to IURC's Study for the
21st Century Energy Policy Development Task Force**

Dear Mr. Heater,

Indiana Industrial Energy Consumers, Inc., (INDIEC) appreciates the opportunity to provide comments on the individual analyses being undertaken on behalf of the Indiana Utility Regulatory Commission (IURC or Commission) in furtherance of its statutory obligation undertaken pursuant to Indiana Code §8-1-8.5-3.1 to conduct a study of the statewide impacts of transitions in fuel sources and electric generation resources, as well as the impact of new and emerging technologies on electric generation capacity, system reliability, system resilience and the cost of electric utility service for customers. (Study).

INDIEC understands that, in furtherance of this statutory requirement, the IURC has contracted with the State Utility Forecasting Group (SUFG), the U.S. Department of Energy National Laboratory, Lawrence Berkeley (LBNL), and Indiana University to conduct discrete analyses to feed into the comprehensive Study. Specifically, the SUFG has been asked to provide primary modeling of future scenarios; LBNL is reviewing potential impacts of new and emerging technologies with an emphasis on distribution infrastructure; and Indiana University is preparing an analysis of local impacts related to closure of coal-fired power plants and construction of replacement capacity.

INDIEC will provide comments regarding each of the proposed analyses as well as a more general observation regarding the Study as a whole.

I. State Utility Forecasting Group Modeling

On September 9, 2019, in response to a request from the IURC, INDIEC provided the Commission with specific comments regarding the scenarios and sensitives to be considered in the modeling process. In particular, INDIEC requested that the Commission model increased deployment of industrial combined heat and power (CHP) resources. INDIEC recommended that the SUFG model the deployment of the full, incremental, technical potential of 2,400 MW of industrial top-cycling CHP and waste to heat power (WHP) identified by the U.S. Department of Energy. In addition, INDIEC recommended that lower amounts of deployment including 50% and 25% of the full technical potential be modeled.

Reviewing the SUFG's proposed modeling, the "High Industrial Cogeneration" scenario has selected a proxy for future industrial CHP which will "completely offset[] future growth in electricity consumption." Based on the SUFG's 2019 Forecast, this would mean a 10,618 GWh offset in industrial energy consumption over the period 2018-2037. That would imply an offset of about 1,200 MW of industrial load.¹

While INDIEC believes that use of the full technical potential would be a reasonable proxy as it would also capture other forms of customer self-generation (such as use of renewables) and usage of self-generation by other classes, INDIEC does not necessarily oppose modeling a "no growth" scenario as a proxy to the extent it falls within the parameters initially proposed by INDIEC. Nevertheless, INDIEC would also recommend modeling a lower level at one-half the scenario proposed by the SUFG, reflecting approximately 600 MW. This alternative would model a slower uptake in CHP use that might reflect the imposition of barriers to adoption and, further, would provide a useful point of comparison for a variety of impacts due to different levels of adoption.

For those reasons, INDIEC continues to recommend modeling both the scenario proposed by the SUFG as well as a lower rate of adoption of CHP among industrial customers.

¹ 10,618,000 MWh/(365 Days * 24 Hours) = 1,212.1 MW

II. Lawrence Berkeley National Laboratory

With respect to the LBNL analysis, INDIEC is concerned that the scenarios proposed do not adequately reflect the various distributed energy resources (DERs) the analysis indicates will be evaluated. Of particular concern to INDIEC is a lack of a specific scenario integrating demand response (DR) as a resource.

At an industrial level, interruptible load has proven to be a successful and valuable system resource. Neglecting consideration of DR programs at the distribution level foregoes consideration of that potential resource. INDIEC therefore recommends that the LBNL appropriately model expanded distribution level DR programs to evaluate their benefits.

III. Indiana University

INDIEC has a number of concerns with the analysis proposed to be undertaken by Indiana University. This analysis appears to be structured in such a way that it will only consider the downside impacts of the shutdown of a coal-fired facility and associated “ripple effects”. The analysis, however, does not seem to take into account potential upside impacts, in particular lower energy rates or increased employment as a result. In addition, the Indiana University analysis does not appear to consider such factors as utilities offering employment at other facilities or potential new employment for skilled workers as a result of closures. By ignoring these potential upsides, and instead focusing on the downside impacts, the analysis would appear to skew the result in a negative direction.

In addition, INDIEC is concerned that the Indiana University analysis does not appear to give adequate consideration to the economic, fiscal, and social impacts associated with the transition away from coal fired generation to other generation sources. Of particular interest to INDIEC is the increasing importance placed on corporate sustainability and the profound impacts on economic development and retention a switch to new generation sources could have on employment and business growth in Indiana. Such impacts would be in addition to those more broadly considered within the context of changes in the standard of living associated with a transition away from coal.

INDIEC, therefore, encourages the IURC to take these matters into consideration as it evaluates the Indiana University analysis and incorporate such concerns into its own Study.

IV. General Concern

In addition to the issues raised by INDIEC in its September 9, 2019, letter, INDIEC is concerned that the analyses being conducted by the SUFG, LBNL, Indiana University, and the IURC study are being undertaken with the implied assumption that Indiana utilities are effectively isolated from a portfolio standpoint. This is not the case given that Indiana's public utilities are part of RTOs. The RTOs manage the transmission grid on a multistate basis, operate regional energy markets, establish capacity and reserve levels for member utilities, and provide oversight of resource adequacy including unit dispatch, reliability standards and generation mix across broad regional systems. Indiana's utilities, therefore, benefit from the resources of MISO and PJM, and the coordination those entities bring among utilities and generation resources across broad regions. INDIEC highly encourages the IURC to account for utilities' integration into the RTO system in producing its Study.

Once again, INDIEC would like to thank the IURC for the opportunity to provide input at this early stage. Should the IURC have any questions regarding our comments, or wish to seek further input, please contact Joseph Rompala at jrompala@lewis-kappes.com.

Regards,

/s/ Joseph P. Rompala

Joseph P. Rompala,
INDIEC Legislative Director