
SUBMISSION OF INDIANA INDUSTRIAL ENERGY CONSUMERS, INC.
TO THE
INDIANA UTILITY REGULATORY COMMISSION

INDIANA INDUSTRIAL ENERGY CONSUMERS, INC.
COMMENTS ON DRAFT STATEWIDE ANALYSIS OF FUTURE RESOURCE
REQUIREMENTS FOR ELECTRICITY

August 17, 2018

For questions and further information, please contact:

Joseph P. Rompala (25078-49)
Bette J. Dodd (4765-49)
LEWIS & KAPPES, P.C.
One American Square, Suite 2500
Indianapolis, Indiana 46282-0003
Telephone: (317) 639-1210
Facsimile: (317)639-4882
Email: JRompala@Lewis-Kappes.com
BDodd@Lewis-Kappes.com

Indiana Industrial Energy Consumers, Inc., (“INDIEC”), pursuant to GAO 2018-2, submits these written comments to the Indiana Utility Regulatory Commission (“Commission”) staff regarding the Draft 2018 Statewide Analysis of Future Resource Requirements for Electricity (“Draft Statewide Analysis” or “Draft Analysis”).

As entities engaged in trade exposed, energy intensive industries, INDIEC members require access to low-cost, reliable, electric energy in order to support and sustain their operations. As such, INDIEC’s member companies have a substantial interest in ensuring that Indiana’s electric utilities are positioned to provide such electric energy now and in the future. In that light, INDIEC wishes to raise certain issues regarding the Draft Statewide Analysis and the potential uses of future drafts and any resultant final analyses.

First, INDIEC believes that the ultimate determination as to a utility’s resource investment must be subject to a fair, impartial, and litigated proceeding before the Commission. Consistent with the basic, underlying, principles of the “regulatory compact”, the Certificate of Public Convenience and Necessity (“CPCN”) process helps ensure that all facets of a utility’s request to construct new generation resources are subject to investigation and review. This includes not only the choice of generation, but also the need for the investment, the size of the investment, the appropriate level of cost recovery, and the corresponding impact on ratepayers. Those issues must be the subject of scrutiny by the Commission and parties prior to approval of a CPCN in order to ensure not only that appropriate investment is being pursued, but also that utility rates remain fair, just, and reasonable.

INDIEC, accordingly, is pleased that at the public hearing held on August 10, 2018 the Commission staff stated in unambiguous terms that the Draft Analysis, and resultant final analysis is not to be considered the Commission's prejudgment of the outcome of any CPCN.

INDIEC, nevertheless, expresses its significant concern with any attempt to use the Draft Analysis (or future final analyses) by parties, or the Commission, to "prejudge", "predetermine", or justify a proposed resource investment. As written, the Draft Analysis relies heavily on the Integrated Resource Plans ("IRP") submitted by the utilities and the SUFG's forecasts. But, as the Commission is well aware, the IRP process, at best, provides a "snapshot" in time, a "best guess" by the utility on a variety of subjects, including its projected resource needs and the most economical means to meet those needs. Likewise, the SUFG's reports present forecasted projections of anticipated resource needs and costs. Importantly, both the IRP process and SUFG forecasts are tied to assumptions, some of which may prove erroneous, and which will almost assuredly change over time. The Draft Analysis, however, provides no meaningful mechanism for challenging those assumptions, or questioning the inputs received from the utilities.

It is INDIEC's position that connecting the request for a CPCN with the best known forecasts and circumstances at the time the request is made, rather than the Draft Analysis, (or its future final form), and allowing the matter to be subject to the regular process of litigation is critical to ensuring the appropriate generation resource is

put in place at the lowest cost to ratepayers. Those decisions should not be the sole output of any predated forecast in an IRP, the SUFG, or Statewide Analysis.

Second, INDIEC appreciates Commission's staff statement on August 10, 2018, that the Draft Analysis is not an energy policy statement. INDIEC views the creation of a comprehensive energy policy, at a time of dynamic change in the electric industry, to be a critical and necessary step in restoring Indiana to its prior status as a state with low cost energy. In short, INDIEC recognizes that the decisions made today will have impacts long into the future.

The Draft Analysis, however, is not a substitute for such a policy; and it should not be relied upon as such. A comprehensive policy would involve input from a range of stakeholders who have only limited input into the crafting of the Draft Analysis. A comprehensive statewide energy policy would not be limited in scope to an analysis of the state's electric generation needs. Rather a comprehensive policy would consider other mechanisms including, but not limited to, needed regulatory reforms such as expanding opportunities for, and reducing existing barriers to, large customers' implementation of creative and flexible alternatives to meet their energy needs.

INDIEC, accordingly, recommends that neither the Commission nor other entities view or treat the Draft Analysis, and any final analysis, to be more than a useful backstop as part of the critical impartial evaluation of utility requests for CPCNs.

Finally, INDIEC must register its concern that the Draft Analysis takes limited note of the substantial potential for customer owned generation to reduce the need for future utility owned generation. Both state and federal policy support investment in

customer owned generation. As a means of reducing utility investment and, accordingly, rates for all ratepayers, the presence of customer owned generation in the state, as well as the reasons for its absence, should be given greater emphasis in any analysis of statewide resource requirements.

Conclusion

In summary, INDIEC is appreciative of Commission staff's investment of its time and resources in preparing the Draft Analysis. INDIEC, however, has reservations about the extent to which any such analysis can, or should be, relied upon for purposes of evaluating requests for CPCNs; and instead believes those decisions should remain a part of a fair and impartial hearing process, and that the analysis not serve as a substitute for such a process. Nor, given its inherent limitations, should the analysis serve as stand-in for a comprehensive discussion of energy policy in the state. Finally, INDIEC has concerns that the analysis does not fully take into account the role of customer owned generation in resource planning.

Respectfully submitted,

/s/ Joseph P. Rompala

Joseph P. Rompala

Joseph P. Rompala
Bette J. Dodd
LEWIS & KAPPES, P.C.
One American Square, Suite 2500
Indianapolis, Indiana 46282-0003
Telephone: (317) 639-1210
Facsimile: (317)639-4882
Email: JRompala@Lewis-Kappes.com
BDodd@Lewis-Kappes.com