

Indiana Office of Utility Consumer Counselor Comments on
Indiana Michigan Power Company 2021 Integrated Resource Plan
June 8, 2023

INTRODUCTION

The Indiana Office of Utility Consumer Counselor (OUCC) respectfully offers its comments regarding the Draft Director's Report on Indiana Michigan Power Company's (I&M) 2021 Integrated Resource Plan (IRP) Submission.

The OUCC recognizes the increasing importance of IRPs in planning a flexible and cost-effective future for Indiana electric utility service. The purpose of our comments is to recommend improvements both to I&M's IRP Process and Preferred Portfolio development as well as make suggestions to the IURC's Research, Policy, and Planning Division, for the benefit of Indiana's consumers.

The OUCC acknowledges an IRP requires a significant amount of time, effort and resources by the respective utility, its stakeholders, and the IURC's Research, Policy, and Planning Division. It is important to realize, as the Director does, that continuous improvements to I&M's IRP are a part of its obligation to ensure an economical and reliable power supply to Indiana's ratepayers. The OUCC appreciates the opportunity to provide feedback on the Draft Director's Report.

The fact that the OUCC does not address or criticize specific items, assumptions, or comments does not suggest that we support those IRP processes and practices. Rather, constraints and the natural complexities of IRP Exercises have not permitted us the opportunity to address all issues and potential opportunities for improvement. With these thoughts in mind, the OUCC submits the following comments and recommendations:

Load Forecast, Load Research, and Forecasting Methodology

The OUCC agrees with the Director's comments on Load Forecast that uncertain drivers are not likely to cause large changes in load in the next several years. In the longer term there is certainly considerable potential for significant change.

The OUCC recommends I&M provide more information to the Research, Policy, and Planning Division, the OUCC and all stakeholders on how portfolios (which were derived from the baseload forecast) performed under high and low forecasts for load growth. We also suggest, at the very least, the source forecast for normal weather should be provided. Further, alternative scenarios for weather expectations should also be provided. Weather stress test scenarios as Advanced Energy Economy noted in its comments should be performed and would also be helpful. This detail would better inform the IURC and I&M's customers about resilience and sensitivity to different load conditions.

Additionally, as the Director notes, the benefits and conclusions drawn from demand-side management (DSM) and energy efficiency (EE) adjustments to load should be detailed to provide better understanding of impacts to load forecasts. In the OUCC's view, this is important given the impending investments to replace the Rockport Generating Station units and to supplement or extend the life of the Cook Nuclear Plant. Without robust analyses of load forecasts, I&M, the IURC and the OUCC will be challenged to find reliability solutions and define generation portfolio options that are economical for all I&M customers.

DSM - Demand Side Resources, Energy Efficiency, DER

We appreciate the Director's acknowledgement of the OUCC's concern that I&M hardwired resource optimization and conservation voltage reduction programs savings of energy and demand. The OUCC remains concerned that this will not allow these programs to compete on a level playing field with supply-side resources.

While I&M recognized Demand Response (DR) Resources and Distributed Energy Resources, economic benefits, and market potential were not fully evaluated. Other avoided costs were also evaluated; however, the OUCC recommends added emphasis in these areas in future IRPs. The OUCC believes a thorough and enhanced analysis of DSM is necessary for development of economical IRP Portfolios. Integration of this analysis and the DSM questions raised by the Director can only improve I&M and GDS Associates' collaborative efforts.

Scenario / Risk Analysis - Resource Portfolio Modeling, Planning Methodology

The OUCC supports the Director's multiple comments regarding the shortcomings of I&M's Scenario and Risk Analysis. We are especially concerned by the attempt to measure resource diversity in a manner where a portfolio dominated by one or two very large generators and several tiny generators can score higher on Unique Generator and Unique Fuel Types scorecards. The objective of resource diversity is added resiliency and reliability. Scoring in the way I&M presents it does not move a preferred portfolio toward those goals.

Today, I&M's portfolio is dominated by 2 large generators supplemented by more than 15 smaller generators. Since these smaller generators provide less than 6% of I&M's PJM accredited Unforced Capacity, the two large generators will be extremely difficult to replace when it is necessary. The OUCC is concerned replacing Rockport with intermittent, non-dispatchable renewable resources as proposed in the IRP preferred portfolio in combination with modifying the preferred portfolio to reduce natural gas generation¹ will result in a portfolio at risk of meeting the reliability and resiliency needs of I&M's customers.

To avoid this potential outcome, the OUCC encourages the Research, Policy, and Planning Division's Director to address the Scenario / Risk Analysis shortcomings more directly with I&M.

Director's Comments on Prior OUCC Comments

The OUCC, like the Director, supports the transition to a more expansive form of planning that brings together traditional IRP planning with distribution and transmission planning, as well as better evaluation of DER, EV, and rate design interactions. We also support full evaluation utilizing scenario analyses, sensitivity analyses and stochastic analyses to provide a better foundation for evaluating risks and making resource decisions.

¹ Pre-filed verified direct testimony of David A. Lucas, Cause 45868, pg. 11 ll. 9-12.

Generating assets can be brought online in timeframes shorter than those required for coal-fired facilities and with capacities of smaller scale; however, the OUCC is concerned a lack of standardization both in equipment and workforce skillset may add unnecessary costs and complications in operating and maintenance. When appropriate, we encourage I&M to move toward moderate-sized generating portfolios that reduce asset proliferation and support operational efficiencies for the benefit of I&M's customers.