

# STATE OF INDIANA



INDIANA UTILITY REGULATORY COMMISSION  
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October 9, 2014

Governor Michael R. Pence  
State of Indiana  
Office of the Governor  
State House, Second Floor  
Indianapolis, Indiana 46204

Dear Governor Pence:

The Indiana Utility Regulatory Commission (“IURC” or “Commission”) respectfully submits its response to your letter of March 27, 2014 (“March 2014 Letter”), requesting that the Commission “complete a set of recommendations that can inform the development of a new legislative framework to be considered in the 2015 session of the Indiana General Assembly.” The March 2014 Letter also mentioned the need for generation resources in the near and long term and how energy efficiency (“EE”) and demand-side management (“DSM”) can help reduce that need.

Specifically, the March 2014 Letter requested that the IURC recommendations should:

1. Include appropriate energy efficiency goals for Indiana.
2. Reflect an examination of the overall effectiveness of current DSM programs in the state.
3. Reflect any and all issues that may improve current DSM programs.
4. Reflect a thorough benefit-cost analysis of the cost impact to ratepayers of possible DSM programs.
5. Allow for an opt-out whereby large electricity consumers can decide not to participate in a DSM program.

In addition, the March 2014 Letter requested that the Commission work with all relevant stakeholders to assist in making these recommendations.

Following the receipt of the March 2014 Letter, the Commission issued a General Administrative Order on April 9, 2014, providing instruction for the public and all interested stakeholders to submit written comments. The Commission received hundreds of comments that were posted on the IURC webpage at [www.in.gov/iurc/2803.htm](http://www.in.gov/iurc/2803.htm). IURC staff has reviewed and the Commission has carefully considered these written comments, which are briefly summarized under each recommendation.

The Commission appreciates your leadership on this issue and supports policies that effectuate the use of cost-effective EE and DSM by Indiana electric utilities. This response provides the requested recommendations, as well as additional information that may be helpful as your office and the Indiana General Assembly plan for Indiana's energy future.

### **Background:**

As you are aware, in 2004, the Commission launched an investigation into the effectiveness of DSM efforts by the utilities. The initial phase of the investigation concluded that the then-existing approach that allowed utilities to have discretion in deciding whether to propose EE programs had led to extensive differences in scale and scope of such programs, resulting in untapped reservoirs of cost-effective EE savings across the state. The second phase of the investigation addressed specific issues as identified by EE/DSM stakeholders to better inform the extent of EE utilities should strive to attain so long as it was cost-effective.

In 2009, the Commission issued its Phase II Order ("2009 Order"), establishing long-term and gradually increasing EE/DSM savings goals, a statewide approach to include a set of uniform DSM/EE offerings intended to serve all energy consumer sectors ("Core Programs"), third-party administrators to deliver and evaluate Core Programs, and a Committee ("The Demand Side Management Coordination Committee" or "DSMCC") to effectuate the objectives of Core Programs. The 2009 Order also required jurisdictional electric utilities to submit their EE/DSM plans every three years for approval, so the Commission could review Core Programs and utility-led programs ("Core Plus") intended to cost-effectively meet the savings goals.

Given concerns by the Indiana General Assembly that the EE/DSM goals and approach were created administratively, not statutorily, Senate Enrolled Act 340 ("SEA 340") reset the regulatory landscape in Indiana regarding EE/DSM, providing the Indiana General Assembly with reports and additional information so it could determine the best plan and process for EE/DSM moving forward. SEA 340 also discontinued the programs and procedures from the 2009 Order and allowed for large industrial and commercial customers to opt out of a utility's EE/DSM programs. Since the enactment of SEA 340, the Commission has approved the utilities' procedures for implementing the opt-out provision in IURC Cause No. 44441. The Commission has also requested and received information from the DSMCC regarding plans for winding down the offering of Core Programs.

In addition, increasing regulation by the federal government continues to have a significant impact on electric utility resources in Indiana. On June 2, 2014, the United States Environmental Protection Agency ("U.S. EPA") issued its Draft Proposed Rule under 111(d) regarding carbon dioxide (CO<sub>2</sub>) emissions reductions. EE/DSM is one of the suggested "building blocks" for compliance with this proposed federal regulation.

## Recommendation #1 – Appropriate Energy Efficiency Goals for Indiana

In its 2009 Order in the DSM Investigation, IURC Cause No. 42693, the Commission set the following annual electric savings goals, measured as a percent of weather-normalized average electric sales for the prior three years, for Indiana electric utilities:

Year	Annual electric savings goal
2010	0.3%
2011	0.5%
2012	0.7%
2013	0.9%
2014	1.1%
2015	1.3%
2016	1.5%
2017	1.7%
2018	1.9%
2019	2.0%

The 2013 Forecast by the State Utility Forecasting Group (“SUFG”) estimated the need in Indiana for an additional 1,450 megawatts of generation resource in the near term and 3,600 megawatts of generation resources in the long term. However, it should be noted that the SUFG estimation assumed that the electric utilities under the IURC’s jurisdiction would meet the goals set by the Commission in the 2009 Order. The amount of generation resources needed in the future will be greater than the SUFG estimate if the EE/DSM achieved is lower than the 2009 goals.

The public comments submitted to the Commission included the following recommendations for energy efficiency goals<sup>1</sup>:

- Adopt the American Council for an Energy-Efficient Economy (“ACEEE”) estimation “that a 1.5% annual energy efficiency standard in Indiana, implemented cost-effectively, would drop demand by over 5,800 GWh/year by 2020 [...]”
- Do not set prescribed energy savings goals that ignore changing conditions. Rather, use individual utility’s Integrated Resource Plans (“IRPs”) as a key part of the basis for energy efficiency decisions and recognize changing building codes and appliance efficiency standards.
- Determine EE/DSM goals on an individual utility basis using market potential studies and the IRP process to identify the most cost-effective EE/DSM options, and continue to utilize independent reporting data.
- Follow the ISO 50001 energy management standard.
- Enact a strong EE policy that establishes statewide savings goals similar to those established in the 2009 Order.

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<sup>1</sup> For more complete summaries of the written comments, see the IURC website at [www.in.gov/iurc/2803.htm](http://www.in.gov/iurc/2803.htm).

- Review the goals and objectives of the Public Utilities Regulatory Policy Act of 1978 when devising a policy for EE/DSM in Indiana.
- Include in the EE goals combined heat and power (“CHP”) and waste heat-to-power (“WHP”).
- Develop a well-defined binding target for cost-effective energy efficiency deployment.
- Establish lifecycle savings goals as well as annual incremental goals within the DSM portfolio.

IURC Recommendation:

Recognizing the need for continued flexibility due to the uncertainties caused by changing technologies, economics, and federal regulatory mandates, the Commission recommends that the setting of EE/DSM goals by each electric utility should be part of that utility’s required Integrated Resource Plan (“IRP”).

An IRP is a plan by a public utility that assesses energy needs and the generation resources, including energy efficiency and demand side management, to meet those needs in both the short-term (3-5 years) and the long-term (20 years). Because it is a holistic look at both the needs and all of the available resources, the IRP is an excellent tool for the utility to assess what would be a reasonable, cost-effective EE/DSM goal and what programs would be best to meet that goal. In addition, because IRPs are developed and submitted to the Commission every two years, this would allow for the goals/targets to be regularly updated as more information and new technology becomes available.

The existing IURC rule requiring electric utilities to submit IRPs has been in place unchanged since adopted in 1995. Following an investigation that found the need to update its IRP rules, from 2009 through 2012, IURC staff performed extensive research and facilitated an all-inclusive stakeholder process that resulted in an updated proposed IRP rule, with which the public utilities have been voluntarily complying. The proposed IRP rule includes a stakeholder process that would allow for public input into those goals/targets, as well as more robust modeling and planning requirements, particularly regarding EE and DSM. (See Appendix A – IRP Proposed Rule as of October 4, 2012.)

While the existing IRP rule is based on statute (Ind. Code § 8-1-8.5-3), no statutory provisions currently exist requiring this essential planning and process. Therefore, the Commission respectfully recommends that the Governor and the Indiana General Assembly consider enacting legislation requiring IRPs and the use of IRPs to set EE/DSM goals. Additional suggestions and information about what such legislation may include are attached as Appendix B.

## Recommendation #2 – Overall Effectiveness of Current DSM Programs

The investor-owned utilities submitted information regarding the cost-effectiveness of their DSM programs into the open DSM docket at the Commission. The DSM Report to the Indiana General Assembly, prepared by the Energy Center of Wisconsin (“ECW”), used the data submitted by the utilities.

The public comments submitted to the Commission included the following recommendations regarding the overall effectiveness of the current DSM programs:

- Regarding their DSM programs, which were outside of the Energizing Indiana portfolio, Hoosier Energy and Wabash Valley Power Association provided information that their programs were cost-effective, with Hoosier Energy’s programs resulting in an estimated \$2.32 avoided cost (benefit) value for every \$1 invested in DSM programs.
- The Citizens Action Coalition of Indiana submitted over 2,500 signatures and/or comments from the public to support continuation of energy efficiency programs.
- Almost all of the comments expressed support for energy efficiency, and a majority of comments in letters and emails from individuals expressed support for the statewide Core Program, Energizing Indiana.

### IURC Recommendation:

The following data was submitted by the utilities to the Commission and was included in the DSM Report prepared by Energy Center of Wisconsin:

Core Program Cost Effectiveness 2012 and 2013					
Type of Cost Effectiveness Test	PCT <sup>2</sup>	UCT <sup>3</sup>	RIM <sup>4</sup>	TRC <sup>5</sup>	Benefit (TRC)
<b>Non-Residential Programs</b>					
Commercial and Industrial Incentives	7.67	5	.97	5.49	\$5.49 for every \$1.00 spent
School Building Assessments	NA	1.21	0.56	1.21	\$1.21 for every \$1.00 spent
<b>Residential Programs</b>					
Lighting	5.02	3.24	0.81	3.03	\$3.03 for every \$1.00 spent
Low Income Weatherization	NA	0.88	0.49	0.88	Provides a public interest benefit

<sup>2</sup> Participant Cost Test (“PCT”): Compares costs and benefits from the perspective of the customer installing the measure.

<sup>3</sup> Utility Cost Test (“UCT”): Compares program administrator costs to supply-side resource costs.

<sup>4</sup> Ratepayer Impact Measure (“RIM”): Compares administrator costs and utility bill reductions to supply-side resources.

<sup>5</sup> Total Resource Cost (“TRC”): Compares program administrator and customer costs to utility resource savings.

Home Energy Audit	NA	1.1	0.57	1.1	\$1.10 for every \$1.00 spent
School Energy Efficiency Kit	NA	2.42	0.81	2.42	\$2.42 for every \$1.00 spent
<b>Total Portfolio</b>	<b>8.24</b>	<b>2.94</b>	<b>0.84</b>	<b>3.02</b>	<b>\$3.02 for every \$1.00 spent</b>

From this data, it appears that the current DSM programs were cost-effective in 2012 and 2013, albeit some programs were more cost-effective than others. Consequently, as the most cost-effective methods are exhausted, and with the EE/DSM goals (set in the 2009 Order) more than doubling between 2013 and 2019, the costs of the current DSM programs would have increased dramatically.

### **Recommendation #3 – Improvements to Current DSM Programs**

The utilities have offered amendments to their current DSM programs through their filings requesting approval of their proposed DSM programs for 2015.<sup>6</sup>

The public comments submitted to the Commission included the following recommendations for improving the current DSM programs:

- The OUCC’s vision of the evolving EE/DSM horizon encompasses more than just current programs. The OUCC believes a broader, more holistic approach is necessary, including not simply demand-side measures but supply-side resources and IRPs.
- 550 pre-formatted postcards were received, stating that Indiana should enact a strong EE policy that establishes an independent, non-profit statewide third-party administrator to oversee EE/DSM programs.
- Citizens Action Coalition of Indiana and a majority of the other public comments recommended that there should be a neutral, non-profit third-party administrator of any state EE/DSM program.
- The IUPUI Lugar Center for Renewable Energy provided comments in the form of a survey of electric rate structures across the United States compiled in 2013 as part of a research project. The survey illustrates a reasonably comprehensive sample of different rate structures and is offered as ideas and examples for consideration in the Commission’s deliberation regarding DSM.
- Use the natural gas DSM oversight board as a model for electricity.
- Fund EE and DSM programs through the establishment of a public purpose fund established by the legislature and administered and governed by the Commission.
- Incorporate a program of voltage optimization (“VO”) and advanced conservation voltage reduction (“CVR”), as Indiana could find an additional 3-4% from combined employment of VO and advanced metering infrastructure (“AMI”).

<sup>6</sup> See IURC Cause Nos. 43955 DSM 2, 44495, 44486, 44496, and 44497.

- Look to third-party energy efficiency program management and coordination states, like Wisconsin, Vermont, much of the Pacific Northwest, and New Jersey.
- Any future DSM programs should be managed and delivered by Indiana-based providers.
- A 50% tax credit be made available to donors who contribute money to a qualified not-for-profit Indiana agency that will use that money to invest in EE projects.

IURC Recommendation:

The utilities' proposals for their 2015 DSM programs are currently pending before the Commission. While the Commission cannot comment or make recommendations regarding the utilities' proposals at this time, it does recommend examining approaches to EE/DSM in other states in order to develop possible ways to improve EE/DSM programs in Indiana. The attached Appendix C provides a brief summary of what neighboring states have done regarding EE/DSM. Additional information about what other states across the country are doing can be found at <http://aceee.org/state-policy/scorecard>.

In addition, a number of alternative and complementary proposals for improving DSM programs and energy efficiency in Indiana in general are included in the written comments that were submitted to the Commission by various stakeholders and should be considered.

One way to evaluate possible improvements to current EE/DSM programs is through a statutorily-required and updated IRP process. This should include a public advisory process that provides for open meetings with all interested stakeholders, who could provide information regarding how to improve current DSM programs. Additional forums could also be established to provide EE/DSM vendor and program information to the electric utilities.

**Recommendation #4 – Cost-Benefit Analysis of possible DSM Programs**

It is important to note that EE/DSM programs are continuing in Indiana following the passage of SEA 340. In May 2014, the Indiana investor-owned electric utilities each submitted their proposed DSM programs for the 2015 calendar year. For the most part, these utilities are offering the same programs as those approved previously by the Commission, with a few individual programs being eliminated due to a lack of cost-effectiveness.

The public comments submitted to the Commission included the following recommendations regarding the cost-benefit analysis of possible DSM programs:

- The Citizens Action Coalition of Indiana commented that a statewide EE and DSM program provides many benefits, including equity, consistency, and economies of scale. It also can provide the ability to offer dual programs, where gas and electric costs are coordinated. It also stated that all EE and DSM programs must be cost-effective at the portfolio level and evaluated by a third-party and that the Indiana Technical Resource Manual should be the required benchmark utilized in such evaluations.

- Another comment suggested moving away from the Total Resource Cost (TRC) test and toward an alternative cost-benefit test, such as the Program Administrator Cost (PAC) test or a Levelized Cost of Saved Energy (CSE) test, and that the Commission adopt either the PAC or CSE cost-effectiveness tests for its DSM programs.

#### IURC Recommendation:

Regarding the proposed 2015 DSM programs, the Commission is not in a position at this time to provide comment on the cost-benefit analysis of these programs, given that these programs are currently being evaluated by the Commission in pending proceedings.

However, in general, the Commission recommends that evaluation, measurement, and verification (“EM&V”) be performed by an independent auditor on all DSM programs in Indiana, including not only those of the investor-owned utilities, but also the EE/DSM programs of municipal utilities, cooperative utilities, and large industrial and commercial consumers that have their own EE/DSM programs. This would allow the State of Indiana to track its progress regarding EE and DSM and fully count all EE and DSM as electric utilities assess their resource options through the IRP process and to comply with federal regulatory mandates. Independent EM&V would assist both the utilities and large electric consumers in their short-term and long-term business and resource planning.

One important aspect of good utility resource planning is the assessment of the costs and benefits of a wide variety of resources, both supply-side and demand-side, including energy efficiency, which happens through effective integrated resource planning. Through the submission of IRPs every two years, utilities will be able to update their EE/DSM goals and cost-benefit analysis of the most optimal resource mix, based on the latest information and the newest technologies.

Currently, while IRPs are required under Commission rules, these rules are outdated and subject to sunset provisions, which could eliminate this valuable planning process. Because IRPs are valuable tools for essential resource planning, the Commission recommends that statutes be enacted establishing requirements for utilities to submit IRPs and their DSM programs.

#### **Recommendation #5 – Allowance for Large Electricity Consumers to Opt-out of DSM Programs**

SEA 340 provided that industrial customers could opt-out of DSM programs. The Commission has approved the utilities’ procedures for implementing the opt-out provision in IURC Cause No. 44441.

The public comments include the following recommendations regarding allowing large electricity consumers to opt-out of DSM programs:

- The investor-owned utilities and the industrial consumers recommend continuing to allow for an opt-out whereby large electricity customers can decide not to participate in a DSM program, such as that included in SEA 340, in recognition of the capability of large

consumers to achieve efficiencies independently. Also recommended is the elimination of the sunset period for this provision of SEA 340.

- Other comments recommended that industrial customers not be allowed to opt out, citing fairness issues, as well as the concern that the efficiency potential of large electricity consumers is not being fully tapped. Large customers should be authorized to take part in self-direct programs and institute an adequate evaluation, measurement and verification, and energy savings requirement. Industrial opt-outs are disadvantageous, but financial and utility barriers should be removed.
- Advanced Energy Economy (“AEE”) notes that allowing for an opt-out whereby large electricity consumers can decide not to participate in a DSM program is an approach that has been pursued by other states. AEE believes that “an opt-out provision should be structured to ensure those investments are being made [...].” According to AEE’s comments, a large industrial consumer opt-out program should also be structured to both drive investment in EE and reward those already making investments. AEE offers provisions that should be part of an opt-out program adopted by the Commission.

#### IURC Recommendation:

As a matter of statutory requirement, the IURC has always required all customers to pay their fair share for all resources needed to reliably and cost-effectively meet the electric needs of Indiana consumers. In compliance with SEA 340, codified as Ind. Code 8-1-39, the Commission approved the utilities’ procedures for implementing the opt-out provision and is not recommending any revision to that provision.

Given the importance of making optimal use of all resources in Indiana, including EE/DSM, the Commission does recommend that consideration be given regarding how to incent energy efficiency by large electric consumers and what is the preferred method to independently evaluate, measure, and verify the achieved energy efficiency in order to count those efficiency gains as part of Indiana’s energy plan and toward compliance with federal regulatory mandates.

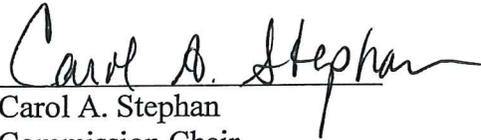
It’s important to remember that large commercial and industrial customers are still part of the interconnected electric system in Indiana, and that planning regarding generation resources must still include those customers. At a minimum, large electric consumers should be encouraged to report on their EE/DSM efforts, so the electric utilities have sufficient information to optimally plan regarding future generation needs.

#### **Conclusion:**

Energy efficiency and demand-side management are important tools and resources that should continue to be developed in Indiana. The Commission concurs with the numerous public written comments supporting the use of energy efficiency and demand-side management as an essential part of our state’s resource portfolio.

The Commission hopes that you find these recommendations and information helpful as you develop your energy plan, and we look forward to providing continued assistance to the Governor's Office and the Indiana General Assembly, as well as working with all interested stakeholders, on these important issues regarding Indiana's energy future.

Sincerely,



Carol A. Stephan  
Commission Chair



Carolene Mays-Medley  
Vice Chair / Commissioner



Angela Rapp Weber  
Commissioner



David E. Ziegner  
Commissioner

TITLE 170 INDIANA UTILITY REGULATORY COMMISSION

**Proposed Rule**  
LSA Document #12-xxx

DIGEST

Amends 170 IAC 4-7 to update the commission's rule requiring electric utilities to prepare and submit integrated resource plans. Effective 30 days after filing with the Publisher.

- 170 IAC 4-7-0.1
- 170 IAC 4-7-1
- 170 IAC 4-7-2
- 170 IAC 4-7-2.1
- 170 IAC 4-7-2.2
- 170 IAC 4-7-3
- 170 IAC 4-7-4
- 170 IAC 4-7-5
- 170 IAC 4-7-6
- 170 IAC 4-7-7
- 170 IAC 4-7-8
- 170 IAC 4-7-9
- 170 IAC 4-7-10

**SECTION 1. 170 IAC 4-7-0.1 IS ADDED TO READ AS FOLLOWS**

**ARTICLE 4. ELECTRIC UTILITIES**

**Rule 7. Guidelines for Electric Utility Integrated Resource Plans**

**170 IAC 4-7-0.1 Applicability**

Authority: IC 8-1-1-3

Affected: IC 8-1-2.2; IC 8-1-2.3-2; IC 8-1-2.4; IC 8-1-8.5; IC 8-1-8.8-10; IC 8-1.5

Sec. 0.1 (a) To assist the commission in its administration of the Utility Powerplant Construction Law, IC 8-1-8.5, this rule applies to the following electric utilities:

- (1) Public investor owned.
  - (2) Municipally owned.
  - (3) Cooperatively owned.
  - (4) A joint agency created under IC 8-1-2.2. An individual member of a joint agency is not required to submit to the commission a separate IRP.
- (b) This rule does not apply to a person who is exempt pursuant to IC 8-1-8.5-7.
- (c) The following electric utilities are exempt from the public advisory process requirement in section 2.1 of this rule:

- (1) Municipally owned.
- (2) Cooperatively owned.
- (3) A joint agency created under IC 8-1-2.2.

**Appendix A - DRAFT PROPOSED RULE – 10/04/2012 – red-line**

*(Indiana Utility Regulatory Commission; 170 IAC 4-7-0.1)*

**SECTION 2. 170 IAC 4-7-1 IS AMENDED TO READ AS FOLLOWS:**

**170 IAC 4-7-1 Definitions**

Authority: IC 8-1-1-3

Affected: IC 8-1-2.2; IC 8-1-2.3-2; IC 8-1-2.4; IC 8-1-8.5; IC 8-1-8.8-10; IC 8-1.5

**Sec. 1. (a) The definitions in this section apply throughout this rule.**

~~(a)~~ **(b) As used in this rule, "Allowance" or "emission allowance" means the authority to emit one (1) ton of sulfur dioxide (SO<sub>2</sub>), as defined under Section 7651 of the Clean Air Act Amendments of 1990, 42 U.S.C. 7401 to 7671q, effective November 15, 1990 unit of any air pollutant as specified by a federal or state emission allowance system.**

~~(b)~~ **(c) "Avoided cost" means the amount of fuel, operation, maintenance, purchased power, labor, capital, taxes, and other cost not incurred by a utility if an alternative supply or demand-side resource is included in the utility's integrated resource plan.**

~~(c)~~ **(e) As used in this rule, "Clean Air Act Amendments of 1990" or "CAA" means Title IV, Acid Deposition Control, of the federal Clean Air Act Amendments of 1990, 42 U.S.C. 7401 to 42 U.S.C. 7671q, in effect November 15, 1990.**

**(d) "Candidate resource portfolio" means a long-term resource mix selected through the utility's portfolio screening process to be further analyzed as necessary to determine the preferred resource portfolio.**

~~(d)~~ **(e) "Cogeneration facility" means the following:**

**(1) A facility that simultaneously generates electricity and useful thermal energy and meets the energy efficiency standards established for a cogeneration facility by the Federal Energy Regulatory Commission (FERC) under 16 U.S.C. 824a-3, in effect November 9, 1978.**

**(2) The land, system, building, or improvement that is located at the project site and is necessary or convenient to the construction, completion, or operation of the facility.**

**(3) The transmission or distribution facility necessary to conduct the energy produced by the facility to a user located at or near the project site.**

~~(e)~~ **(f) "Commission" means the Indiana utility regulatory commission.**

~~(f)~~ **(g) "Conservation" means reducing the amount of energy consumed by a customer for a specific end-use. Conservation includes behavior changes such as thermostat setback. Conservation does not include changing the timing of energy use, switching to another fossil fuel source, or increasing off-peak usage.**

**(h) "Contemporary issues" means any topic that may affect the inputs, methods, or judgment factors in an IRP that is common to all Indiana jurisdictional utilities. Topics may include, but are not limited to, the following types of issues:**

- (1) Economic.**
- (2) Financial.**
- (3) Environmental.**
- (4) Energy.**
- (5) Demographic.**
- (6) Customer.**

Appendix A - DRAFT PROPOSED RULE – 10/04/2012 – red-line

(7) Methodological.

(8) Regulatory.

(9) Technological.

(i) **“Contemporary methods” means any methodological aspect involved with developing an IRP that represents the best practice of the electric industry to improve the quality of an IRP analysis.**

~~(g) As used in this rule,~~ (j) "Demand-side management" or "DSM" means the planning, implementation, and monitoring of a utility activity designed to influence customer use of electricity that produces a desired change in a utility's load-shape. DSM includes only an activity that involves deliberate intervention by a utility to alter load-shape.

~~(h) As used in this rule,~~ (k) "Demand-side measure" means a particular end-use device, technology, service, or rate design at a targeted customer's premises or a utility's energy delivery system for a specific DSM program.

~~(i) As used in this rule,~~ (l) "Demand-side program" means a utility program designed to implement a demand-side measure.

~~(j) As used in this rule,~~ (m) "Demand-side resource" means a resource that reduces the demand for electrical power or energy by applying a demand-side program to implement one (1) or more demand-side measures.

(n) **“Director” means the director of the electricity division of the commission.**

~~(k) As used in this rule,~~ (o) "Discount rate" means the interest rate used in determining the present value of future cash flows.

~~(l) As used in this rule,~~ ~~“dispersed”~~(p) **“Distributed generation” means electric generation technology that is relatively small in size, and its whose implementation favors installation near a load center or remote location on the subtransmission or distribution system. Distributed generation can include self-generation.**

~~(m) As used in this rule,~~ (q) "End-use" means the light, heat, cooling, refrigeration, motor drive, microwave energy, video or audio signal, computer processing, electrolytic process, or other useful work produced by equipment using electricity.

~~(n) As used in this rule,~~ (r) "Energy efficiency improvement" means reduced energy use for a comparable level of energy service.

~~(o) As used in this rule,~~ (s) "Energy service" means the light, heat, motor drive, and other service for which a customer purchases electricity from the utility.

~~(p) As used in this rule,~~ (t) **“Energy storage” means a:**

(1) technology; or

(2) set of technologies;

**Capable of storing previously generated electric energy and ~~dispatching-discharging~~ that energy as electricity at a later time.**

(u) "Engineering estimate" means an estimate of energy (kWh) and demand (kW) impact resulting from a demand-side measure based on an engineering calculation procedure. An engineering estimate addresses change in energy use of a building or system resulting from installation of a DSM measure. If multiple DSM measures are installed, an engineering estimate accounts for the interactive effect between the DSM measures.

(v) **“FERC Form 715” means the annual transmission planning and evaluation report required by the Federal Energy Regulatory Commission (FERC), as adopted in 58 FR 52436, Oct. 8, 1993, and as amended by Order 643, 68 FR 52095, Sept. 2, 2003.**

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**Appendix A - DRAFT PROPOSED RULE – 10/04/2012 – red-line**

~~(q) As used in this rule, (w) "Firm wholesale power sale" means a power sale intended to be available to the purchaser at all times, including under adverse conditions, during the period covered by the commitment.~~

~~(r) As used in this rule, "hourly-system lambda" means the change in a utility's total cost associated with a marginal change in hourly load. The hourly system lambda is a short run measure that reflects the change in fuel cost and includes incremental (or decremental) operation and maintenance expenses.~~

~~(s) As used in this rule, (x) "Integrated resource planning", "plan" or "IRP" means a utility's assessment of a variety of demand-side and supply-side resources to cost-effectively meet customer electricity service needs. The IRP may also include, but is not limited to, the following:~~

~~(1) A public participation procedure.~~

~~(2) An analysis of the uncertainty and risk posed by different resources and external factors~~ **document submitted in order to meet the requirements of this rule.**

~~(t) As used in this rule, (y) "Load building" means a program intended to increase electricity consumption without regard to the timing of the increased usage.~~

~~(u) As used in this rule, (z) "Load research" means the collection of electricity usage data through a metering device associated with an end-use, a circuit, or a building. The metered data is used to better understand the characteristics of electric loads, the timing of their use, and the amount of electricity consumed by users. The data may be collected over a variety of time intervals, usually sixty (60) minutes or less.~~

~~(v) As used in this rule, (aa) "Load shape" means the time pattern of customer electricity use and the relationship of the level of energy use to a specific time during the day, month, and year.~~

~~(w) As used in this rule, "Lost opportunity" means a situation where a cost-effective demand-side measure could have been installed at a site during construction, renovation, or replacement of equipment, but was not, rendering a subsequent equal or more extensive modification to the site not cost-effective.~~

~~(x) As used in this rule, (bb) "Non-utility generator" or "NUG" means a facility for generating electricity that:~~

~~(1) is not exclusively owned by a public utility;~~

~~(2) operates connected to an electric utility system; and~~

~~(3) sells electricity to a utility for resale to retail customers.~~

~~(cc) "North American industrial classification system" or "NAICS" means a system developed by the United States Department of Commerce for use in the classification of establishments by type of activity in which engaged, for purposes of facilitating the collection, tabulation, presentation and analysis of data relating to establishments, and for promoting uniformity and comparability in the presentation of statistical data collected by various agencies of the United States Government, state agencies, trade associations, and private research organizations.~~

~~(y) As used in this rule, (dd) "Participant" means a utility customer participating in a utility-sponsored DSM program.~~

~~(z) As used in this rule, (ee) "Participant test" means a cost-effectiveness test that measures the difference between the cost incurred by a participant in a demand-side program and the value received by the participant. A participant's cost includes all costs borne by the~~

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participant. A participant's value from a DSM program consists of only the direct economic benefit received by the participant.

~~(aa) As used in this rule;~~ (ff) "Penetration" means the ratio of the number of a specific type of new units installed to the total number of new units installed during a given time.

(gg) **"Power transfer capability" means the amount of power that can be transferred from one point or part of the bulk electric system to another without exceeding any reliability criteria pertinent to the utility.**

(hh) **"Preferred resource portfolio" means the utility's selected long-term resource mix that safely and reliably meets electric system demand at the lowest reasonable cost by balancing cost minimization with cost-effective reduction of associated risks and uncertainties, taking cost, risk, and uncertainty into consideration.**

~~(bb) As used in this rule;~~ (ii) "Present value" means today's value of a future payment, or stream of payments, discounted at some appropriate compound interest or discount rate.

~~(ee) As used in this rule;~~ (jj) "Program cost" means all expenses incurred by a utility in a given year for operation of a DSM program whether the cost is capitalized or expensed. An expense includes, but is not limited to, the following:

- (1) Administration.
- (2) Equipment.
- (3) Incentives paid to program participants.
- (4) Marketing and advertising.
- (5) Monitoring and evaluation.

~~(dd) As used in this rule;~~ (kk) **"Public participation advisory process" means a procedure the procedures referenced in section 2.1 of this rule where a customer or interested party is provided in which customers and interested parties have the opportunity to participate receive information and provide input for the utility to consider in the development of the IRP and comment on a utility's integrated resource plan IRP prior to the submission of the IRP to the commission.**

~~(ee) As used in this rule;~~ (ll) "Ratepayer impact measure" or "RIM" test means a cost-effectiveness test which analyzes how a rate for electricity is altered by implementing a DSM program. This test measures the change in a revenue requirement expressed on a per unit of sale basis.

(mm) **"Regional transmission organization" or "RTO" means the regional transmission organization approved by the Federal Energy Regulatory Commission for the control area that includes the utility's assigned service area (as defined in IC 8-1-2.3-2).**

~~(ff) As used in this rule;~~ (nn) "Renewable resource" means a generation facility or technology utilizing a fuel source such as, but not limited to, the following:

- ~~(1) Wind.~~
- ~~(2) Solar.~~
- ~~(3) Geothermal.~~
- ~~(4) Waste.~~
- ~~(5) Biomass.~~
- ~~(6) Small hydro.~~

**renewable energy resource as defined in IC 8-1-8.8-10.**

~~(gg) As used in this rule;~~ (oo) "Resource" means a facility, project, contract, or other mechanism used by a utility to provide electric energy service to the customer.

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**(pp) "Resource action" means a resource change or addition proposed by a utility in a formally docketed proceeding.**

**(qq) "Risk metric" means a measure used to gauge the risk associated with a resource portfolio. As applied to the cost of a resource portfolio, this includes measures of the variability of costs and the magnitude of outcomes.**

~~(hh) As used in this rule;~~ **(rr) "Saturation"** means the ratio of the number of a specific type of similar appliance or equipment to the total number of customers in that class or the total number of similar appliances or equipment in use.

~~(ii) As used in this rule;~~ **(ss) "Screening"** means an evaluation performed by a utility to determine whether a demand-side or supply-side resource option is eligible for potential inclusion in the utility's ~~integrated resource plan~~ **preferred resource portfolio.**

~~(jj) As used in this rule;~~ **(tt) "Self-generation"** means an electric generation facility primarily for the customer's own use and not for the primary purpose of producing electricity, heat, or steam for sale to or for the public for compensation.

~~(kk) As used in this rule;~~ **(uu) "Short term action plan"** means a schedule of activities and goals developed by a utility to begin efficient implementation of its ~~integrated resource plan~~ **preferred resource portfolio.**

**(vv) "Smart grid" means use of digital electronics or data, and the associated communications networks, to monitor and control any aspects of the electrical transmission and distribution system from generation to consumption.**

~~(ll) As used in this rule, "standard industrial classification" or "SIC" means a system developed by the United States Department of Commerce for use in the classification of establishments by type of activity in which engaged, for purposes of facilitating the collection, tabulation, presentation and analysis of data relating to establishments, and for promoting uniformity and comparability in the presentation of statistical data collected by various agencies of the United States Government, state agencies, trade associations, and private research organizations.~~

~~(mm) As used in this rule;~~ **(ww) "Supply-side resource"** means a resource that provides a supply of electrical energy or capacity, or both, to a utility. A supply-side resource **may** include the following:

- (1) A utility-owned generation capacity addition.
- (2) A wholesale power purchase from another utility or non-utility generator.
- (3) A refurbishment or upgrading of an existing utility-owned generating facility.
- (4) A cogeneration facility.
- (5) A renewable resource technology.

**(6) Distributed generation.**

~~(nn) As used in this rule;~~ **(xx) "Targeted demand-side management" or "targeted DSM"** means a demand-side program designed to defer or eliminate investment in a transmission or distribution facility.

~~(oo) As used in this rule;~~ **(yy) "Total resource cost test"** means a cost-effectiveness test that eliminates the distinction between a participant and nonparticipant by analyzing whether a resource is cost-effective based on the total cost and benefit of the program, independent of the precise allocation to a shareholder, ratepayer, and participant.

~~(pp) As used in this rule;~~ **(zz) "Utility"** means:

- (1) a public, municipally owned, or cooperatively owned utility; or
- (2) a joint agency created under IC 8-1-2.2.

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(qq) As used in this rule, (aaa) "Utility cost test" or "revenue requirements test" means a cost-effectiveness test designed to minimize ~~measure the impact on~~ **ratio of the benefits (to the utility) to the costs incurred by the utility** (the net present value of a utility's revenue requirements).

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(Indiana Utility Regulatory Commission; 170 IAC 4-7-1; filed Aug 31, 1995, 9:00 a.m.: 19 IR 16; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)

**SECTION 3. 170 IAC 4-7-2 IS AMENDED TO READ AS FOLLOWS:**

**170 IAC 4-7-2 Procedures and effects of filing integrated resource plans**

Authority: IC 8-1-1-3

Affected: IC 5-14-3; IC 8-1-1-8; IC 8-1-8.5; IC 8-1.5

Sec. 2. (a) The following utilities, or their successors in interest, must submit to the commission an IRP that covers at least a 20 year planning horizon consistent with this rule according to the following schedule:

(1) Duke Energy Indiana, Indiana Michigan Power Company, Indiana Municipal Power Agency, and Wabash Valley Power Association on November 1, 2013, and biennially thereafter.

(2) Hoosier Energy Rural Electric Cooperative, Indianapolis Power and Light Company, Northern Indiana Public Service Company, and Southern Indiana Gas and Electric Company on November 1, 2014, and biennially thereafter.

Upon request of a utility, the ~~commission's electricity division~~ director may grant an extension of any such submission dates, for good cause shown.

(b) Prior to constructing, purchasing, or leasing a generating facility to provide electric service within the state of Indiana, a utility not listed in subsection (a) must submit to the commission an IRP consistent with this rule. If the generating facility, after appropriate commission review, is constructed, purchased, or leased, the utility shall submit to the commission on a biennial basis, an IRP consistent with this rule.

(c) A utility subject to section 0.1 must submit to the commission, on or before the applicable date as specified in subsection (a), the following documents:

(1) The integrated resource plan.

(2) A technical appendix containing supporting documentation.

(3) An IRP summary document as described in section 4(a) of this rule.

(d) The documents listed in subsection (c) shall be submitted

electronically to the director.

The commission may use an IRP or written comments, or both, submitted pursuant to this rule, to assist in the preparation of an analysis of the long range needs for expansion of facilities for the generation of electricity and plan for meeting the future requirements of electricity as required by IC 8-1-8.5. The commission may also use the IRP or written comments, or both, submitted pursuant to this rule in the preparation of a staff report in other formally docketed proceedings.

(1) An IRP or written comments submitted to the commission pursuant to this rule may be admitted as evidence in a formally docketed proceeding before the commission under the Indiana Rules of Evidence:

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- (2) The commission shall give such weight as it determines appropriate to any IRP, or written comments submitted to the commission thereon, admitted as evidence in a formally docketed proceeding as provided in subsection 2(a)(1) [subdivision (1)] above.
- (3) An IRP or comments submitted pursuant to this rule may not be admitted as evidence in a formally docketed proceeding before the commission through use of 170 IAC 1-1-18(f).

(b) Notice of the submission of an IRP to the commission shall be provided pursuant to the publication requirements of IC 8-1-1-8.

(e)(e) Contemporaneously with the submission of an IRP to the commission, a utility must include the following information:

- (1) The name and address, if known, of each individual or entity considered by the utility to be an interested party.
- (2) A statement that the utility has sent each interested party, **electronically** or by deposit in the United States mail, First Class postage prepaid, a notice of the utility's submission of an IRP to the commission. The notice must contain, at a minimum, the following information:

- (A) A general description of the subject matter of the submitted IRP.
- (B) A statement that the commission invites an interested party to submit written comment on the utility's submitted IRP.
- (C) A statement that ~~the commission will provide notice of the IRP and the due date for the submission of written comments pursuant to the publication requirements of IC 8-1-1-8. The statement must also include that subsection (e)~~ (g) below provides for a ninety(90) day time period, or longer as determined by the commission, to submit written comments.

A utility is not required to separately notice, as provided in this subsection, each of its customers. A utility may, however, individually notify a business, organization, or a particular customer having a substantial interest in the IRP.

(3) A statement that the utility has served a copy of the IRP on the office of the consumer counselor.

(d) An IRP submitted to (f) The commission shall make a submitted IRP available:

(1) on its website; and

(2) may to be viewed, inspected, or copied, in accordance with IC 5-14-3, at the office of the commission at 101 West Washington Street, Suite 1500 E, Indianapolis, Indiana 46204;

**in accordance with IC 5-14-3 and any determination by the commission regarding confidentiality under 170 IAC 1-1.1-4.**

(e)(g) A customer or interested party may comment on an IRP submitted to the commission. The ~~Written~~ comments must:

(1) be in writing;

(2) and received by the commission within ninety (90) days from the date a utility submits an IRP to the commission. ~~A customer or interested party must;~~

(1) submit (2) be submitted to the commission:

(A) as a paper original at the address provided in subsection (d)(f); or

(B) an original and eight (8) copies of the written comments electronically to the director;

(2) (3) clearly identify the utility upon which written comments are submitted; and

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(3) when submitting written comments on an IRP, serve a copy of the comments (4) be served upon the utility.

The commission director may extend the filing deadline for submitting written comments.

~~(f)(h)~~ **The director shall issue a draft report on the IRP no later than 120 days from the date a utility submits an IRP to the commission.**

~~(i)~~ Upon the receipt of written comments of a customer or interested party, a utility may submit to the commission supplemental or response comments. **Supplemental or response comments may be submitted by:**

**(1) the utility; or**

**(2) any customer or interested party that submitted written comments.**

~~(j)~~ Supplemental or response comments must be:

(1) in writing; and

(2) received by the commission within thirty (30) days from the date a customer or interested party submits comments to the commission. A utility must;

~~(1)~~ submit **the director issues the draft report;**

~~(3)~~ **submitted** to the commission, at the address provided in subsection (d) an original and eight (8) copies of the written comments **electronically to the director** an original and eight (8) copies of the supplemental or response comments; and;

~~(2)~~ serve a copy of the supplemental or response comments (4) served upon:

~~(A)~~ **the utility;**

~~(B)~~ the **any** customer or interested party who submitted written comments; and

~~(B)~~ the office of the **utility** consumer counselor.

The commission director may extend the filing deadline for submitting supplemental or response comments.

~~(g)(i)~~ The commission director may allow additional written comment periods.

~~(j)~~ **The director shall issue a final report on the IRP within 30 days following the deadline for supplemental or response comments.**

~~(k)~~ **The draft report and the final report shall be limited to the:**

**(1) informational;**

**(2) procedural; and**

**(3) methodological**

**requirements of this rule.**

~~(l)~~ **The draft report and final report shall not comment on:**

**(1) the utility's preferred resource plan; or**

**(2) any resource action chosen by the utility.**

~~(m)~~ **Upon appropriate notice to the utility and interested parties, the director may extend the deadlines for issuance of the draft report and the final report.**

~~(n)~~ **Failure by the director to issue a draft or final report shall result in a presumption that the IRP complies with this rule.**

~~(o)~~ **Written and responsive comments** ~~The following documents shall be made available on the commission's website:~~

**(1) Written comments.**

**(2) Responsive comments.**

**(3) The draft report.**

~~(4)~~**(4) The final report.**

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~~(h)(kp)~~ The failure of an interested party to file comments pursuant to subsection (e) **under this rule** shall not constitute a waiver of any right to participate as a party or to advance any argument or position in a formally docketed proceeding before the commission. Similarly, the content of comments filed by an interested party under subsection (e) **this rule** shall not estop or preclude that party from advancing any argument or position in a formally docketed proceeding before the commission, whether or not that argument or position was raised in comments submitted under subsection (e) **this rule**.

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~~(l)~~ **Within sixty (60) days of the deadline for the utility's responsive comments, the director shall notify in writing:**

- ~~(1) the utility;~~
- ~~(2) the OUCC; and~~
- ~~(3) interested parties~~

~~of the director's compliance determination regarding the IRP.~~

~~(m) The director:~~

~~(1) shall:~~

- ~~(A) describe deficient portions of the IRP, if any; and~~
  - ~~(B) explain why any deficient portions are not in compliance with this rule;~~
- ~~and~~

~~(2) may otherwise comment on the IRP.~~

~~(n) In order to bring an IRP into compliance with this rule, the director may request the utility:~~

- ~~(1) revise and resubmit specified portions of the IRP; or~~
- ~~(2) incorporate revisions in the subsequent IRP.~~

~~(o) Any resource action shall be consistent with the most recent IRP submitted under this rule, including its:~~

- ~~(1) inputs (including data and assumptions);~~
- ~~(2) methods (including models); and~~
- ~~(3) judgment factors (including the rationales used to determine inputs, methods, and risk metric(s), and selection of the preferred resource portfolio);~~

~~unless any discrepancies between the most recent IRP and the resource action are fully explained and justified with supporting evidence, including an updated IRP analyses.~~

~~(p) The director's compliance determination shall not be construed to mean or constitute:~~

- ~~(1) a finding;~~
- ~~(2) pre approval; or~~
- ~~(3) authorization~~

~~by the commission of any specific resource action.~~

~~(q) If the director fails to notify the utility of the director's compliance determination within sixty (60) days of the deadline for the utility's responsive comments, the IRP shall be deemed in compliance with this rule.~~

~~(r) Any entity that qualifies to file a complaint under IC 8-1-2-54 may appeal:~~

- ~~(1) the director's compliance determination; or~~
- ~~(2) an IRP that has been deemed in compliance.~~

~~(s) In order to appeal to the full commission, the entity seeking the appeal must file a petition with the commission pursuant to the commission's procedural rules within thirty (30) days of:~~

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~~(1) receiving notice of the compliance determination; or  
(2) the IRP being deemed in compliance.  
(4) The commission's review on appeal shall be limited to the documents submitted under this rule, including:~~

- ~~(1) the IRP;  
(2) any and all written comments, including reply comments, submitted regarding the IRP; and  
(3) the director's written compliance determination.~~

~~(ur)~~ Documents submitted or created pursuant to this rule may be used as follows:

- (1) To assist the commission in the preparation of an analysis of the long range needs for expansion of facilities for the generation of electricity and plan for meeting the future requirements of electricity as required by IC 8-1-8.5.  
(2) In the preparation of a commission staff report in formally docketed proceedings before the commission.  
(3) Submitted as evidence in a formally docketed proceeding before the commission. The commission shall give such weight as it determines appropriate to such evidence.

*(Indiana Utility Regulatory Commission; 170 IAC 4-7-2; filed Aug 31, 1995, 9:00 a.m.: 19 IR 18; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; errata filed Jul 21, 2009, 1:33 p.m.: 20090819-IR-170090571ACA)*

**SECTION 4. 170 IAC 4-7-2.1 IS ADDED TO READ AS FOLLOWS:**

**170 IAC 4-7-2.1 Public advisory process**

Authority: IC 8-1-1-3  
Affected: IC 8-1-8.5

Sec. 2.1 (a) The utility shall have a public advisory process as outlined in this section.

- (b) The utility shall:  
(1) provide information to; and  
(2) solicit and consider relevant input from;

any interested party in regard to the development of the utility's IRP and related potential resource acquisition issues.

(c) The utility shall consider and respond to all relevant input ~~received~~provided by interested parties, including comments and concerns from the commission or its staff.

(d) The utility retains full responsibility for the content of its IRP ~~and is the only entity held accountable in the IRP compliance review.~~

(e) The public advisory process shall be administered as follows:

- (1) The utility shall initiate and convene its own public advisory process. The utility will hold at least:  
(A) one introductory meeting; and  
(B) one meeting regarding its preferred resource portfolio;  
before submittal of its IRP to the commission.

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(2) Depending on the level of interest by commission staff, the public and interested parties in the utility's public advisory process, the utility may hold additional meetings.

(3) The utility shall take reasonable steps:

- (A) to notify its customers and the commission of its public advisory process; and
- (B) provide notification to known interested parties.

(4) The timing of meetings shall be determined by the utility:

- (A) to be consistent with its internal IRP development schedule; and
- (B) to provide an opportunity for public participation in a timely manner that may affect the outcome of the utility resource planning efforts.

(5) The utility or its designee shall:

- (A) chair the participation process;
- (B) schedule meetings; and
- (C) develop agendas for those meetings.

Participants are allowed to request that relevant items be placed on the agenda of the meetings if they provide adequate notice to the utility.

(6) Topics discussed in the public advisory process shall include, but are not limited to, the following:

- (A) The utility's load forecast.
- (B) Evaluation of existing resources.
- (C) Evaluation of supply and demand side resource alternatives, including:
  - (i) associated costs; and
  - (ii) performance attributes.
- (D) Modeling methods.
- (E) Modeling inputs.
- (F) Treatment of risk and uncertainty.
- (G) Rationale for determining the preferred resource portfolio.

*(Indiana Utility Regulatory Commission; 170 IAC 4-7-2.1)*

SECTION 5. 170 IAC 4-7-2.2 IS ADDED TO READ AS FOLLOWS:

170 IAC 4-7-2.2 Contemporary issues meeting technical conference

Authority: IC 8-1-1-3

Affected: IC 8-1-8.5

Sec. 2.2 (a) The commission or its staff may host an annual meeting technical conference to help identify contemporary issues and encourage the identification and adoption of best practices to manage such issues.

(b) The meeting technical conference may also identify a standardized reporting format.

(c) The agenda of the meeting technical conference shall be set by the commission staff that includes input from interested parties and utilities. Utilities and interested parties

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may petition or informally contact the commission staff to request the inclusion of specific contemporary issues.

(d) The director may provide guidance concerning specific contemporary issues for a utility to address in its next IRP filing. The director shall provide utilities with a written summary of the issues to be addressed. The utility shall, to the extent possible, provide either a discussion of the impacts of such issues on its IRP or demonstrate how it has taken such issues into account.

(e) The contemporary issues meeting technical conference shall take place at least one (1) year prior to the filing date of a utility's IRP.  
(Indiana Utility Regulatory Commission; 170 IAC 4-7-2.2)

**SECTION 6. 170 IAC 4-7-3 IS AMENDED TO READ AS FOLLOWS:**

**170 IAC 4-7-3 Waiver or variance requests**

Authority: IC 8-1-1-3

Affected: IC 5-14-3; IC 8-1-2-29; IC 8-1-2.2; IC 8-1-8.5-7; IC 8-1.5

Sec. 3. (a) ~~To assist the commission in its administration of the Utility Powerplant Construction Law, IC 8-1-8.5, this rule applies to the following:~~

(1) ~~A public, municipally owned, or cooperatively owned utility.~~

(2) ~~A joint agency created under IC 8-1-2.2. An individual member of a joint agency is not required to submit to the commission a separate integrated resource plan.~~

(b) ~~This rule does not apply to a person who is exempt pursuant to IC 8-1-8.5-7.~~

(c) ~~A utility operating or owning, in part or whole, an electrical generating facility as of January 1, 1995, to provide electric service within the state of Indiana must submit to the commission on a biennial basis, beginning on or before November 1, 1995, an integrated resource plan consistent with this rule. Upon request of a utility, the commission may grant an extension of any such submission dates, for good cause shown.~~

(d) ~~A utility not subject to subsection (c) prior to constructing, purchasing, or leasing a generating facility to provide electric service within the state of Indiana must submit to the commission an integrated resource plan consistent with this rule. If the generating facility, after appropriate commission review, is constructed, purchased, or leased, the utility shall submit to the commission on a biennial basis, an integrated resource plan consistent with this rule.~~

(e) ~~A utility subject to subsection (a) must submit to the commission, on or before the applicable date as specified in subsection (c) or (d), the following documents:~~

(1) ~~The integrated resource plan.~~

(2) ~~A technical appendix containing supporting documentation.~~

(f) ~~If a utility considers information in the IRP or technical appendix to be proprietary or otherwise confidential, a utility must file concurrently a redacted version, a nonredacted version under seal which shall be treated as confidential pending completion of the proceeding described below, verified affidavits from appropriate representatives of the utility setting forth the reasons why the information is proprietary or otherwise confidential, and a petition requesting that the commission find that such information is confidential pursuant to IC 8-1-2-29 and IC 5-14-3. A customer or interested party seeking access to or desiring to contest a commission determination regarding information claimed by a utility to be proprietary and confidential may do so only through intervention and participation in the proceeding on the utility petition requesting a~~

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finding of confidentiality. If, after review, the commission determines the information is proprietary or confidential, the commission and its staff will treat the information as proprietary or confidential in accordance with IC 8-1-2-29 and IC 5-14-3. The utility may request a waiver or a variance from a provision of this rule for good cause shown in advance of a filing date.

(1) The request shall include:

(A) A description of the situation which necessitates the waiver or variance.

(B) Identification of the provision(s) of this rule for which the waiver or variance is requested.

(C) Explanation of the difference between the expected effects of complying with this rule on the utility, its customers, and participants in the public advisory process if the waiver or variance is not granted and the expected effect on such parties if granted.

(D) Explanation of how the waiver or variance is expected to aid or, at the least, not undermine the procedures and requirements of this rule.

(2) The request shall be submitted in sufficient time that the IRP submittal schedule shall not be adversely affected.

(b) The director shall respond in writing regarding acceptance or denial of a request under this section within fifteen (15) days. The request shall not be unreasonably denied, but any denials shall include the reason for the denial. If the director fails to respond within fifteen (15) days, the request shall be deemed accepted.

(c) The request by the utility and the director's acceptance or denial shall be posted on the commission's website.

(d) An appeal to the full commission of the director's acceptance or denial under this section must be filed with the commission within thirty (30) days of the posting of the director's written acceptance or denial of the request.

*(Indiana Utility Regulatory Commission; 170 IAC 4-7-3; filed Aug 31, 1995, 9:00 a.m.: 19 IR 19; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

**SECTION 7. 170 IAC 4-7-4 IS AMENDED TO READ AS FOLLOWS:**

**170 IAC 4-7-4 Methodology and documentation requirements**

Authority: IC 8-1-1-3; IC 8-1-8.5

Affected: IC 8-1; IC 8-1.5

Sec. 4. (a) The utility shall provide an IRP summary document that communicates core IRP concepts and results to non-technical audiences.

(1) The summary shall provide a brief description of the utility's existing resources, preferred resource portfolio, short term action plan, key factors influencing the preferred resource portfolio and short term action plan, and any additional details the commission staff may request as part of a contemporary issues meeting. The summary shall describe, in simple terms, the IRP public advisory process, if applicable, and core IRP concepts, including resource types and load characteristics.

(2) The utility shall utilize a simplified format that visually portrays the summary of the IRP in a manner that makes it understandable to a non-technical audience.

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(3) The utility shall make this document readily accessible on its website.

(b) An IRP covering at least a twenty (20) year future period prepared by a utility must include the following:

(1) A discussion of the:

(A) inputs;

(B) methods data, assumptions; and

(C) definitions;

used in developing by the utility in the IRP and the goals and objectives of the plan. The following information must be included:

(2) The data sets, including data sources, used to establish base and alternative forecasts. A third party data source may be presented in the form of a reference. The reference must include the source title, author, publishing address, date, and page number of relevant data. The data sets must include an explanation for adjustments. The data must be provided on electronic media, and may be submitted as a file separate from the IRP, or as specified by the commission.

(3) A description of the utility's effort to develop and maintain a data base of electricity consumption patterns, by customer class, rate class, SIC-NAICS code, and end-use, a data base of electricity consumption patterns. The data base may be developed using, but not limited to, the following methods:

(A) Load research developed by the individual utility.

(B) Load research developed in conjunction with another utility.

(C) Load research developed by another utility and modified to meet the characteristics of that utility.

(D) Engineering estimates.

(E) Load data developed by a non-utility source.

(4) A proposed schedule for industrial, commercial, and residential customer surveys to obtain data on end-use appliance penetration, end-use saturation rates, and end-use electricity consumption patterns.

(5) A discussion of customer self-generation distributed generation within the service territory and the potential effects on generation, transmission, and distribution planning and load forecasting.

(6) A description of model structure and an evaluation of model performance.

(7) A complete discussion of the alternative forecast scenarios developed and analyzed, including a justification of the assumptions and modeling variables used in each scenario.

(8) A description discussion of how the utility's fuel inventory and procurement planning practices, including and the rationale, used in the development of the utility's integrated resource plan for those practices have been taken into account and influenced the IRP development.

(9) A description discussion of how the SO2 utility's emission allowance inventory and procurement planning practices for any air emission regulated through an emission allowance system have been taken into account and influenced the IRP development, including and the rationale, used in the development of the utility's integrated resource plan for those practices.

(10) A description of the generation expansion planning criteria used in developing the IRP. The description must fully explain the basis for the criteria selected, including an

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analysis and rationale for the level of system-wide generation reliability assumed in the IRP.

(10) A regional, or at a minimum, Indiana specific power flow study prepared by a regional or subregional organization. This requirement may be met by submitting Federal Energy Regulatory Commission (FERC) Form 715, as adopted in Docket No. RM93-10-00, in effect October 30, 1993. The power flow study shall include the following:

- (A) Solved real flows.
- (B) Solved reactive flows.
- (C) Voltages.
- (D) Detailed assumptions.
- (E) Brief description of the model(s).
- (F) Glossary of terms with cross references to the names of buses and line terminals.
- (G) Sensitivity analysis, including, but not limited to, the forecast of the following:
  - (i) Summer and winter peak conditions.
  - (ii) Light load as well as heavy transfer conditions for one (1), two (2), five (5), and ten (10) years out.
  - (iii) Branch circuit ratings, including, but not limited to, normal, long term, short term, and emergency.

(11) Any recent dynamic stability study prepared for the utility or by the utility. This requirement may be met by submitting FERC Form 715, as adopted in Docket No. RM93-10-00, in effect October 30, 1993. **A brief description and discussion within the body of the IRP focusing on the utility's Indiana jurisdictional facilities with regard to the following components of FERC Form 715:**

- (A) Most current power flow data models, studies, and sensitivity analysis.
- (B) Dynamic simulation on its transmission system, including interconnections, focused on the determination of the performance and stability of its transmission system on various fault conditions. The simulation must include the capability of meeting the standards of the North American Electric Reliability Corporation (NERC).
- (C) Reliability criteria for transmission planning as well as the assessment practice used. The information and discussion must include the limits set of its transmission use, its assessment practices developed through experience and study, and certain operating restrictions and limitations particular to it.
- (D) Various aspects of any joint transmission system, ownership, and operations and maintenance responsibilities as prescribed in the terms of the ownership, operation, maintenance, and license agreement.

(12) Applicable transmission maps. This requirement may be met by submitting FERC Form 715, as adopted in Docket No. RM93-10-00, in effect October 30, 1993.

(13)(11) A description of reliability criteria for transmission planning as well as the assessment practice used. This requirement may be met by submitting FERC Form 715, as adopted in Docket No. RM93-10-00, in effect October 30, 1993. **The IRP shall utilize appropriate contemporary methods. An explanation of the contemporary methods utilized by the utility in developing the IRP, including a description of the following:**

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**(A) Model structure and reasoning for use of particular model or models in the utility's IRP.**

**(B) The utility's effort to develop and improve the methodology and inputs for its:**

- (i) forecast;**
- (ii) cost estimates;**
- (iii) treatment of risk and uncertainty; and**
- (iv) evaluation of a resource (supply-side or demand-side) alternative's contribution to system wide reliability. The measure of system wide reliability must cover the reliability of the entire system, including:**

**(AA) transmission; and**

**(BB) generation.**

~~(14) An evaluation of the reliability criteria in relation to present performance and the expected performance of the utility's transmission system. This requirement may be met by submitting FERC Form 715, as adopted in Docket No. RM93-10-00, in effect October 30, 1993.~~

~~(15) A description of the utility's effort to develop and improve the methodology and the data for evaluating a resource (supply-side or demand-side) option's contribution to system wide reliability. The measure of system wide reliability must cover the reliability of the entire system, including transmission, distribution, and generation.~~

~~(16)~~**(12)** An explanation, with supporting documentation, of the avoided cost calculation. An avoided cost must be calculated for each year in the forecast period. The avoided cost calculation must reflect timing factors specific to the resource under consideration such as project life and seasonal operation. Avoided cost shall include, but is not limited to, the following:

- (A) The avoided generating capacity cost adjusted for transmission and distribution losses and the reserve margin requirement.**
- (B) The avoided transmission capacity cost.**
- (C) The avoided distribution capacity cost.**
- (D) The avoided operating cost, including fuel, plant operation and maintenance, spinning reserve, emission allowances, and transmission and distribution operation and maintenance.**

~~(17)~~**(13)** The hourly system lambda and the actual demand for all hours of the most recent historical year available, **which shall be submitted electronically and may be a separate file from the IRP.** For purposes of comparison, a utility must maintain three (3) years of hourly data and the corresponding dispatch logs.

~~(18)~~**(14)** A description **Publicly owned utilities shall provide a summary** of the utility's:

**(A) most recent public participation procedure if the utility conducts a procedure prior to the submission of an IRP to the commission advisory process;**

**(B) key issues discussed; and**

**(C) how they were addressed by the utility.**

*(Indiana Utility Regulatory Commission; 170 IAC 4-7-4; filed Aug 31, 1995, 9:00 a.m.: 19 IR 20; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

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SECTION 8. 170 IAC 4-7-5 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-5 Energy and demand forecasts

Authority: IC 8-1-1-3

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 5. (a) An electric utility subject to this rule shall prepare an analysis of historical and forecasted levels of peak demand and energy usage which includes the following:

(1) ~~An Historical and projected analysis of a variety of load shapes, including, but not limited to, the following:~~

(A) Annual load shapes.

(B) Seasonal load shapes.

(C) Monthly load shapes.

(D) Selected weekly and daily load shapes. Daily load shapes shall include, at a minimum, summer and winter peak days and a typical weekday and weekend day.

(2) Historical and projected load shapes shall be disaggregated, to the extent possible, by customer class, interruptible load, and end-use and demand-side management program.

(3) Disaggregation of historical data and forecasts by customer class, interruptible load, and end-use where information permits.

(4) ~~The use and reporting of Actual and weather normalized energy and demand levels.~~

(5) A discussion of all methods and processes used to normalize for weather.

(6) A **minimum** twenty (20) year period for energy and demand forecasts.

(7) An evaluation of the performance of energy and demand forecasts for the previous ten

(10) years, including, but not limited to, the following:

(A) Total system.

(B) Customer classes or rate classes, or both.

(C) Firm wholesale power sales.

(8) ~~If an end-use methodology has not been used in forecasting, an explanation as to why this methodology has not been used.~~ **Justification for the selected forecasting methodology.**

(9) For purposes of section 5(a)(1) and 5(a)(2) ~~[subdivisions (1) and (2)]~~ **subdivisions (1) and (2)**, a utility may use utility specific data or more generic data, such as, but not limited to, the types of data described in section ~~4(2)~~ **4(b)(2)** of this rule.

(b) A utility shall provide at least three (3) alternative forecasts of peak demand and energy usage. At a minimum, the utility shall include high, low, and most probable energy and peak demand forecasts based on ~~combinations of~~ alternative assumptions such as:

(1) Rate of change in population.

(2) Economic activity.

(3) Fuel prices.

(4) Changes in technology.

(5) Behavioral factors affecting customer consumption.

(6) State and federal energy policies.

(7) State and federal environmental policies.

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*(Indiana Utility Regulatory Commission; 170 IAC 4-7-5; filed Aug 31, 1995, 9:00 a.m.: 19 IR 21; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

**SECTION 9. 170 IAC 4-7-6 IS AMENDED TO READ AS FOLLOWS:**

**170 IAC 4-7-6 Resource assessment**

Authority: IC 8-1-1-3

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 6. (a) For each year of the planning period, ~~excluding subsection 6(a)(6) [subdivision (6)], recognizing the potential effects of self-generation, an electric~~ **The utility shall consider continued use of an existing resource as a resource alternative in meeting future electric service requirements. The utility shall provide a description of the utility's existing electric power resources that must include, at a minimum, the following information:**

- (1) The net dependable generating capacity of the system and each generating unit.
- (2) The expected changes to existing generating capacity, including, but not limited to, the following:
  - (A) Retirements.
  - (B) Deratings.
  - (C) Plant life extensions.
  - (D) Repowering.
  - (E) Refurbishment.
- (3) A fuel price forecast by generating unit.
- (4) The significant environmental effects, including:
  - (A) air emissions;
  - (B) solid waste disposal;
  - (C) hazardous waste; and
  - (D) subsequent disposal; and
  - (E) water consumption and discharge;**at each existing fossil fueled generating unit.
- (5) ~~The scheduled power import and export transactions, both firm and nonfirm, as well as cogeneration and non-utility production expected to be available for purchase by the utility.~~

- (6) An analysis of the existing utility transmission system that includes the following:
  - (A) An evaluation of the adequacy to support load growth and ~~long-term power purchases and sales~~ **expected power transfers.**
  - (B) An evaluation of the supply-side resource potential of actions to reduce transmission losses, **congestion, and energy costs.**
  - (C) An evaluation of the potential impact of demand-side resources on the transmission network.
  - (D) An assessment of the transmission component of avoided cost.

~~(7)~~ **(6)** A discussion of demand-side programs, including existing company-sponsored and government-sponsored or mandated energy conservation or load management programs available in the utility's service area and the estimated impact of those programs on the utility's historical and forecasted peak demand and energy.

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The information listed above in subdivision (a)(1) through subdivision (a)(54) and in subdivision (a)(76) shall also be provided for each year of the planning period.

(b) An electric utility shall consider alternative methods of meeting future demand for electric service. A utility must consider a demand-side resource, including innovative rate design, as a source of new supply in meeting future electric service requirements. The utility shall consider a comprehensive array of demand-side measures that provide an opportunity for all ratepayers to participate in DSM, including low-income residential ratepayers. For a utility-sponsored program identified as a potential demand-side resource, the utility's plan-IRP shall, at a minimum, include the following:

(1) A description of the demand-side program considered.

(2) ~~A detailed account of utility strategies designed to capture lost opportunities.~~

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(3) The avoided cost projection on an annual basis for the forecast period that accounts for avoided generation, transmission, and distribution system costs. The avoided cost calculation must reflect timing factors specific to resources under consideration such as project life and seasonal operation.

(4)(3) The customer class or end-use, or both, affected by the program.

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(5)(4) A participant bill reduction projection and participation incentive to be provided in the program.

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(6)(5) A projection of the program cost to be borne by the participant.

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(7)(6) Estimated energy (kWh) and demand (kW) savings per participant for each program.

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(8)(7) The estimated program penetration rate and the basis of the estimate.

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(9)(8) The estimated impact of a program on the utility's load, generating capacity, and transmission and distribution requirements.

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(c) A utility shall consider a range of supply-side resources **including cogeneration and non-utility generation** as an alternative in meeting future electric service requirements. **This range shall include commercially available resources or resources the director may request as part of a contemporary issues meeting technical conference.** The utility's plan-IRP shall include, at a minimum, the following:

(1) Identify and describe the resource considered, including the following:

(A) Size (MW).

(B) Utilized technology and fuel type.

(C) Additional transmission facilities necessitated by the resource.

(2) ~~Significant environmental effects, including the following:~~

(A) ~~Air emissions.~~

(B) ~~Solid waste disposal.~~

(C) ~~Hazardous waste and subsequent disposal.~~

(3) ~~An analysis of how a proposed generation facility conforms with the utility-wide plan to comply with the Clean Air Act Amendments of 1990.~~

(4) A discussion of the utility's effort to coordinate planning, construction, and operation of the supply-side resource with other utilities to reduce cost.

(d) A utility shall ~~identify~~ **consider new or upgraded** transmission and distribution facilities required to meet, in an economical and reliable manner, future electric service requirements **as a resource in meeting future electric service requirements, including new projects, efficiency improvements, and smart grid resources.** The plan-IRP shall, at a minimum, include the following:

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- (1) An analysis of transmission network capability to reliably support the loads and resources placed upon the network.
- (2) A list of the principal criteria upon which the design of the transmission network is based. Include an explanation of the principal criteria and their significance in identifying the need for and selecting transmission facilities.
- (3) A description of the timing and types of expansion and alternative options considered.
- (4) (2) The approximate cost of expected expansion and alteration of the transmission network.
- (3) A description of how the IRP accounts for the value of new or upgraded transmission facilities for making additional purchases and sales and accessing geographically constrained resources for the purposes of increasing needed power transfer capability and increasing the utilization of cost effective resources that are geographically constrained.
- (4) A description of how:
  - (A) IRP data and information are used in the planning and implementation processes of the RTO of which the utility is a member; and
  - (B) RTO planning and implementation processes are used in and affect the IRP.

*(Indiana Utility Regulatory Commission; 170 IAC 4-7-6; filed Aug 31, 1995, 9:00 a.m.: 19 IR 22; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

**SECTION 10. 170 IAC 4-7-7 IS AMENDED TO READ AS FOLLOWS:**

**170 IAC 4-7-7 Selection of future resources**

Authority: IC 8-1-1-3  
Affected: IC 8-1-8.5; IC 8-1.5

Sec. 7. (a) In order to eliminate nonviable alternatives, a utility shall perform an initial screening of all future resource alternatives listed in sections 6(b) through ~~6(c)~~ ~~6(d)~~ of this rule. The utility's screening process and the decision to reject or accept a resource alternative for further analysis must be fully explained and supported **in, but not limited to, a resource summary table. The following information must be provided for a resource selected for further analysis:**

- (1) Significant environmental effects, including the following:
  - (A) Air emissions.
  - (B) Solid waste disposal.
  - (C) Hazardous waste and subsequent disposal.
  - (D) Water consumption and discharge.

(2) An analysis of how existing and proposed generation facilities conform to the utility-wide plan to comply with existing and reasonably expected future state and federal environmental regulations, including facility-specific and aggregate compliance options and associated performance and cost impacts.

(b) Integrated resource planning includes one (1) or more tests used to evaluate the cost-effectiveness of a demand-side resource option. A cost-benefit analysis must be performed using the following tests except as provided under subsection (e):

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- (1) Participant.
- (2) Ratepayer impact measure (RIM).
- (3) Utility cost (UC).
- (4) Total resource cost (TRC).
- (5) Other reasonable tests accepted by the commission.

(c) A utility is not required to express a test result in a specific format. However, a utility must, in all cases, calculate the net present value of the program impact over the life cycle of the impact. A utility shall also explain the rationale for choosing the discount rate used in the test.

(d) A utility is required to:

- (1) specify the components of the benefit and the cost for each of the major tests; and
- (2) identify the equation used to express the result.

(e) If a reasonable cost-effectiveness analysis for a demand-side management program cannot be performed using the tests in subsection (b), where it is difficult to establish an estimate of load impact, such as a generalized information program, the cost-effectiveness tests are not required.

(f) To determine cost-effectiveness, the RIM test must be applied to a load building program. A load building program shall not be considered as an alternative to other resource options.

*(Indiana Utility Regulatory Commission; 170 IAC 4-7-7; filed Aug 31, 1995, 9:00 a.m.: 19 IR 23; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

**SECTION 11. 170 IAC 4-7-8 IS AMENDED TO READ AS FOLLOWS:**

**170 IAC 4-7-8 Resource integration**

Authority: IC 8-1-1-3

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 8. **(a) The utility shall develop candidate resource portfolios from the selection of future resources in section 7 and provide a description of its process for developing its candidate resource portfolios.**

**(b) A From its candidate resource portfolios, a utility shall select a mix of resources consistent with the objectives of the integrated resource plan. The utility must preferred resource portfolio and provide the commission, at a minimum, the following information:**

- (1) Describe the utility's resource plan **preferred resource portfolio**.
- (2) Identify the variables, standards of reliability, and other assumptions expected to have the greatest effect on the least-cost mix of resources **preferred resource portfolio**.
- (3) ~~Determine the present value revenue requirement of the utility's resource plan, stated in total dollars and in dollars per kilowatt-hour delivered, with the discount rate specified.~~ **Demonstrate that supply-side and demand-side resource alternatives have been evaluated on a consistent and comparable basis.**
- (4) Demonstrate that the utility's resource plan **preferred resource portfolio** utilizes, to the extent practical, all economical load management, ~~conservation~~ **demand side management**, ~~nonconventional~~ technology relying on renewable resources, cogeneration, **distributed generation, energy storage, transmission and distribution**, and energy efficiency improvements as sources of new supply.

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- (5) Discuss how the utility's resource plan takes into account the utility's judgment of risks and uncertainties associated with potential environmental and other regulations.
- (6) Demonstrate that the most economical source of supply-side resources has been included in the integrated resource plan.
- (7) Discuss the utility's evaluation of dispersed generation and targeted DSM programs including their impacts, if any, on the utility's transmission and distribution system for the first ten (10) years of the planning period.
- (8) (6) Discuss the financial impact on the utility of acquiring future resources identified in the utility's resource plan **preferred resource portfolio**. The discussion of the **preferred resource portfolio** shall include, where appropriate, the following:
- (A) The Operating and capital cost of the integrated resource plan.
  - (B) The average price ~~cost~~ per kilowatt-hour as calculated in the resource plan. The price, **which** must be consistent with the electricity price assumption used to forecast the utility's expected load by customer class in section 5 of this rule.
  - (C) An estimate of the utility's avoided cost for each year of the **plan preferred resource portfolio**.
  - (D) The impact of a planned addition to supply-side or demand-side resources on the utility's rate.
  - (E) The utility's ability to finance the acquisition of a required new resource **preferred resource portfolio**.
- (9) Identify and explain assumptions concerning existing and proposed regulations, laws, practices, and policies made concerning decisions used in formulating the IRP.
- (7) Demonstrate how the preferred resource portfolio balances cost minimization with cost-effective risk and uncertainty reduction, including the following.
- (A) Identification and explanation of assumptions.
  - (B) Quantification, where possible, of assumed risks and uncertainties, which may include, but are not limited to:
    - (i) regulatory compliance;
    - (ii) public policy;
    - (iii) fuel prices;
    - (iv) construction costs;
    - (v) resource performance;
    - (vi) load requirements;
    - (vii) wholesale electricity and transmission prices;
    - (viii) RTO requirements; and
    - (ix) technological progress.
  - (C) An analysis of how candidate resource portfolios performed across a wide range of potential futures.
  - (D) The results of testing and rank ordering the candidate resource portfolios by the present value of revenue requirement and risk metric(s). The present value of revenue requirement shall be stated in total dollars and in dollars per kilowatt-hour delivered, with the discount rate specified.
  - (E) An assessment of how robustness factored into the selection of the preferred resource portfolio.
- (10) (8) Demonstrate, to the extent practicable and reasonable, that the utility's resource plan **preferred resource portfolio** incorporates a workable strategy for reacting to

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unexpected changes. A workable strategy is one that allows the utility to adapt to unexpected circumstances **quickly and appropriately** and preserves the plan's ability to achieve its intended purpose. Unexpected changes include, but are not limited to, the following:

- (A) The demand for electric service.
- (B) The cost of a new supply-side or demand-side technology.
- (C) **Regulatory compliance requirements and costs.**
- (D) Other factors which would cause the forecasted relationship between supply and demand for electric service to be in error.

*(Indiana Utility Regulatory Commission; 170 IAC 4-7-8; filed Aug 31, 1995, 9:00 a.m.: 19 IR 23; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

**SECTION 12. 170 IAC 4-7-9 IS AMENDED TO READ AS FOLLOWS:**

**170 IAC 4-7-9 Short term action plan**

Authority: IC 8-1-1-3

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 9. A short term action plan shall be prepared as part of the utility's IRP ~~filed or separately,~~ and shall cover each of the ~~two (2)-three (3)~~ **(3)** years beginning with the IRP submitted pursuant to this rule. The short term action plan is a summary of the ~~resource options or programs contained in the utility's current integrated resource plan~~ **preferred resource portfolio and its workable strategy, as described in 170 IAC 4-7-8(b)(8)**, where the utility must take action or incur expenses during the ~~two (2)-three (3)~~ year period. The short term action plan must include, but is not limited to, the following:

(1) A description of each resource ~~option or program in the preferred resource portfolio~~ included in the short term action plan. **The description may include references to other sections of the IRP to avoid duplicate descriptions.** The description must include, but is not limited to, the following:

- (A) The objective of the resource ~~option or program~~ **preferred resource portfolio.**
- (B) The criteria for measuring progress toward the objective.
- (C) ~~The actual progress toward the objective to date.~~

(2) ~~The participation of small business in the implementation of a DSM resource option or program.~~

(3) ~~The implementation schedule for the resource option or program~~ **preferred resource portfolio.**

(4) ~~The timetable for implementation and resource acquisition.~~

(5) **(3) A detailed budget with an estimated range for the cost to be incurred for each resource or program and expected system impacts.**

**(4) A description and explanation of differences between what was stated in the utility's last filed short term action plan and what actually transpired.**

*(Indiana Utility Regulatory Commission; 170 IAC 4-7-9; filed Aug 31, 1995, 9:00 a.m.: 19 IR 24; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

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**SECTION 13. 170 IAC 4-7-10 IS ADDED TO READ AS FOLLOWS:**

**170 IAC 4-7-10 Updates**

Authority: IC 8-1-1-3

Affected: IC 8-1-8.5; IC 8-1.5

**Sec. 10. (a) The utility may provide an update regarding substantial unexpected changes that occur between IRP filings.**

**(b) Upon the request of the commission or its staff, the utility shall provide the requested updated IRP information.**

*(Indiana Utility Regulatory Commission; 170 IAC 4-7-10)*

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## **Appendix B – Suggestion for possible legislation requiring Integrated Resource Plans**

The following material is suggested to replace the language in IC 8-1-8.5-3(e):

(e) In addition to such reports as public utilities may be required by statute or rule of the commission to file with the commission, **every two years** a utility ~~may~~ **shall** submit to the commission its utility specific proposals as to the future needs for electricity to serve the people of the state or the area served by the utility **an integrated resource plan that assesses a variety of demand-side and supply-side resources to cost-effectively meet future customer electricity service needs and account for uncertainty and risk posed by different resources and external factors. The commission shall adopt and periodically update administrative rules to implement the IRP filing requirement.**

### Appendix C - EE /DSM in Neighboring States

	Enabling legislation/policy	Energy Efficiency Administrative Model	Efficiency Goals	Evaluation, Measurement and Verification	Self Direct and Opt Out Programs	2013 Electricity Program Budget (million dollars)
<b>Illinois</b>	Passed legislation (SB1592) in July 2007; created a requirement for large-scale utility energy efficiency programs in Illinois.	Individual electric utilities administer 75% of the total funding for energy efficiency programs; the Illinois Department of Commerce and Economic Opportunity (DCEO) administers 25% of the funding.	Electric: 0.2% annual savings in 2008, ramping up to 1% in 2012, 2% in 2015 and thereafter	Evaluations are conducted for each of the utilities. Relies on the Total Resource Cost (TRC) test and considers it to be its primary cost-effectiveness test.	Additional program being piloted by electric utilities under their Section 8-103 programs that would create similar opportunities for large electric customers	\$221
<b>Michigan</b>	Legislation passed in 2008, Public Act 295, reestablished utility energy efficiency programs in Michigan.	Most efficiency programs are administered by the utilities, although some have opted to fund a state-selected program administrator.	0.3% annual savings in 2009, ramping up to 1% in 2012 and thereafter	Evaluations are administered by the utilities. Cost-effectiveness test(s) used: UCT, TRC, PCT, SCT, RIM	Self-direct is available to customers based on both aggregate peak demand and peak demand at individual sites	\$155
<b>Ohio</b>	Passage of SB 221 in 2008, requires utilities to propose energy efficiency plans and file annual status reports with the commission. Legislation in 2014 placed a two-year freeze on energy efficiency requirements	Utilities administer energy efficiency programs under a regulated structure with oversight by the Public Utilities Commission of Ohio (PUCO)	Law required a gradual ramp up to a cumulative 22 percent reduction in electricity use by 2025.	Evaluations are administered by both the utilities and the Public Utilities Commission of Ohio. Cost-effectiveness test(s) used: TRC, UCT.	Self-direct options are available for large customers in Ohio	\$224
<b>Kentucky</b>	Under Kentucky Revised Statutes Section 278.285. There is no requirement for utilities to undertake EE/DSM. However, their IRPs must be consistent with any EE / DSM program plans.	Utilities administer EE /DSM programs with limited oversight by the Public Service Commission.	There are no statutory EE/ DSM targets.	There are no specified cost-effectiveness tests however, the Kentucky PSC can not allow one class of customers to subsidize another.	Energy Intensive Industrial customers may opt out of utility DSM.	\$55
<b>Wisconsin</b>	Passage of Act 141 in 2005, requires investor-owned electric and natural-gas utilities to spend 1.2 percent of their annual gross operating revenues on energy efficiency and renewable resource programs	The Public Service Commission of Wisconsin oversees the statewide programs. The non-profit Statewide Energy Efficiency and Renewables Administration (SEERA) funds the program and contracts with a third party administrator.	Electric: 0.66% of sales in 2011-2014.	Act 141 requires the Public Service Commission to contract with an independent evaluator for annual evaluations. Cost-effectiveness test(s) used: TRC, UCT, SCT	A self-direct option is open to a customer if it meets the definition of a large energy customer. This option has been available since 2008, but no customers have participated to date.	\$80
<b>Iowa</b>	Iowa Code 476.6.16 mandates that electric and natural gas utilities that are required to be rate-regulated must offer energy efficiency programs through cost-effective energy efficiency plans.	Utilities administer energy efficiency programs under a regulated structure with oversight by the Iowa Utilities Board (IUB) and significant input from the Office of Consumer Advocate.	Targets vary by utility, with average annual electricity savings of 1.2%	Evaluations are administered by the utilities. Cost-effectiveness test(s) used: SCT, UCT, PCT, RIM		\$133