

PURPOSE

The purpose of this letter is to invite members of your staff to participate in a Technical Conference in support of development of a revised/updated Integrate Resource Planning (IRP) Rule, 170 IAC 4-7 (Rule 7 or Rule).

BACKGROUND

The Indiana Utility Regulatory Commission (IURC or Commission) issued an order on October 14, 2010, to commence rulemaking to revise/update the Integrated Resource Planning (IRP) Rule. This Rule defines the requirements for an IRP by generation owning utilities. The impetus to revise/update the Rule is that the electric utility climate has changed since the Rule was promulgated, and updating the Rule would help to provide more relevant IRPs.

SPECIFICS

The IURC has scheduled a two-day Technical Conference on September 22-23, 2011, in order to solicit input and discussion from relevant stakeholders. It will be held in Conference Room 22 in the Indiana Government Center South building in downtown Indianapolis from 9:00am to 5:00pm on both days. Attachment A enumerates the subjects planned to be addressed. Attendees may also bring up additional subjects. We request that your attendees include technical participants who are involved and familiar with the IRP process, since we desire active participation in the scheduled subjects. This is an opportunity for all participants to provide input and participate in discussion regarding what the updated rule should be.

Objectives of the updated Rule include:

- Assuring that utilities determine the preferred portfolio of supply side and demand side resources which
 - is the most robust under a wide range of potential futures
 - represents the lowest cost life cycle resource plan, and
 - mitigates risk.
- Increasing the value of the IRP to the utility, the IURC, and other stakeholders.
- Increasing transparency and confidence in IRP process.
- Maximizing value to the utility by harmonizing IRP with other requirements

Objectives of the technical conference include:

- Obtain input from a wide range of stakeholders
- Provide venue for collaboration through participation and discussion
- Provide bases for a “strawman” draft rule

Please review the attached subjects/questions within your organization so that your staff will be prepared to enter into a thoughtful and collaborative discussion during the technical conference. We will transmit additional material as appropriate for your consideration as you prepare for this important conference. To help us prepare, please RSVP by September 15, 2011, with the names of those that plan to attend. Please transmit this and any further questions to Jim Ray, Integrated Resource Planning Division Director, and Beth Krogel Roads, Assistant General Counsel.

Thank you in advance for your participation.

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ATTACHMENT A

Integrated Resource Planning Technical Conference

DAY I

Introduction

- Introduction
- Purpose, value, and usefulness of IRPs
- What is the ideal relationship between IRPs and other requirements or processes (CPCNs, VCEPS, DSM, RTO reporting)?

Compliance Review, Enforcement, and Secondary Objectives

- What type of review process should be in place? What are the implications for how IRP relates to resource proceedings?
- Should an enforcement mechanism be pursued and in what form?
- Should the IRP have secondary objectives (those other than cost and associated risk)? (e.g. reliability and safety issues like critical infrastructure protection and environmental impact/social cost as criteria to selection among portfolio candidates)?

Treatment of Resources and Cost Uncertainties

- Should a list of resources to cover be provided in the rule? If not, how can it be ensured that resources are thoroughly and comprehensively covered?
- Discuss treatment of resources with particular characteristics (further questions forthcoming)
- IURC discusses trends in the treatment of cost uncertainties.
 - What minimum standards should be in the rule?
- What 20% of IRP elements have 80% of the results impact?
- What is the value of incremental, informal review (by IRP development stage) as opposed to relying only on final, formal review?

Other Requirement Updates and Deliverable IRP Format

- What other IRP requirements or definitions need clarification or should be revised, added, or eliminated? Please provide rationale and consider in context of how IRP requirements could match other requirements and/or processes (e.g. RTO annual reports, DSM reports, VCEPS, CPCN) for the purposes of conserving resources in the formation and review of analyses and reports. At minimum, consider:
 - What definitions need to be revised, added, or eliminated.
 - Environmental reporting requirements (e.g. the aggregate and incremental change in total annual water consumption and emission profiles between the preferred and leading alternative portfolios and current levels)
 - Elements of a requirement for a description of existing resources.
 - Whether a separate, brief, less-technical document that summarizes the IRP results is a useful communication tool.
 - Whether a Request for Information (RFI) is more appropriate than a Request for Proposal (RFP).
 - How the costs of RTO resource adequacy requirements are addressed.

- The value of an assessment explaining the causes of differences between the last short-term action plan and what actually transpired.
- Whether utilities should make spreadsheets and data bases available in formats that allow data to be manipulated to run cases based on different combinations of input values.
- What requirements are appropriate to discuss select contingency portfolios based on key factors that can change quickly.
- The preferred filing date.
- Requirements that should be changed due to utilities' involvements in RTOs.
- Discuss any other potential alterations to the current rule's requirements.
- How and to what extent should the IRP be standardized for ease of understanding and for the benefit of readers/recipients and reviewers while balancing the needed flexibility for utilities to use it for their internal purposes?

DAY II

Stakeholder/Public Participation Process

- IURC presents on research leading to, and content of, a proposed framework for stakeholder/public participation process.
- Discussion on proposal and related aspects still undetermined

Procedural Issues

- What confidential information concerns are there and how could this be handled to minimize the need for, or expedite the process of, data requests?
- How can the filing process be updated and streamlined?
- Discussion of a process to handle a utility request for a waiver on meeting provision(s) of the rule.
- What is a reasonable final/submitted IRP review timeframe (assuming stakeholders are active in incremental review process)?
- What are the pros and cons of a 2 vs. 3 year filing frequency? How could a regular update of evolving issues relate to filing frequency?

Contemporary Issues Process and 2011 IRPs

- IURC will propose a contemporary issues /regular (e.g. annual) update process to address changes that affect IRP outcomes. IURC will provide examples of issues and how they might be handled.
- IURC will present changes that affect current (2011) IRP cycle and accept feedback.

Wrap Up

- What other issues have not yet been addressed?
- Next steps: remaining process and schedule