



Hoosier Chapter
1100 W. 42nd Street, Ste. 218
Indianapolis, Indiana 46208
Phone: 317.822.3750
hoosier.sierraclub.org
bowden.quinn@sierraclub.org

March 23, 2012

Beth Krogel Roads
Assistant General Counsel
Indiana Utility Regulatory Commission
101 W. Washington Street, Suite 1500 E
Indianapolis, IN 46204

Re: IURC RM #11-07—IRP rulemaking comments

Dear Ms. Roads:

The Sierra Club Hoosier Chapter and the Environmental Law and Policy Center thank the Commission for initiating this rulemaking to revise the integrated resource planning process for electric utilities. We welcome the opportunity to provide comment on this essential function in the development of a sustainable infrastructure for the generation, distribution and use of electricity in the most efficient and cost-effective manner possible.

We applaud the Commission for recognizing changes which have occurred in the production, transmission, distribution and consumption of electrical energy since the rule was last amended. In particular, the Commission has recognized that the development of regional transmission organizations and the competitive wholesale electric power market necessitates changes in the planning process. In addition, the advance of technology generally, and in particular the increasing role of renewable and energy efficiency resources in meeting energy needs, requires a new approach to the planning process. In that regard, the introduction of a contemporary issues meeting and the revised public participation process are important additions to the planning process.

We also welcome the Commission's desire to increase public participation in the planning process and to make the plans more accessible to the general public. In this regard, it is essential that key aspects of the plans not be hidden behind confidentiality walls or black-box calculations using proprietary software. In particular, avoided cost calculations should be standardized to readily available components (*e.g.*, the cost of a new gas turbine) to ensure that the various utility plans are comparable to each other and easily understood by the public.

With its demand-side management order in cause 42693, the Commission recognized the importance of energy efficiency as a resource in meeting electricity requirements in Indiana. Well-conceived integrated resource planning requirements can show that efficiency is the least-cost alternative in meeting future power needs. Energy efficiency is a quantifiable resource that can be measured and compared with supply-side options through a proper planning process. Such a process would enable utility planners to predict the energy efficiency potential in their service areas, calculate the economic benefits of energy savings through a standardized avoided cost methodology, and use this information to incorporate energy efficiency into their preferred resource portfolio.

The plans should provide the commission and the public with clear information on all demand-side resources. They should contain energy savings data separately for energy efficiency, demand response, fuel conversion, load management and any other resources included in the broad range of demand-side management methods. Within the specific area of energy efficiency, plans should clearly identify the distinct types (*e.g.*, ratepayer-funded DSM programs, building energy codes, appliance standards) and their expected impact in energy savings for each year of the planning period.

Plans should estimate both energy savings (MWh) and summer peak demand reductions (MW) for each energy efficiency resource in every year of the planning period. Energy efficiency impacts should be shown both as a percentage of the *growth* in total resource requirements as well as the percentage of total resource requirements.

Turning to supply-side resources, we wish to stress the importance of thoroughly assessing the potential of renewable energy, particularly through distributed generation. Distributed power can help a utility avoid transmission and distribution costs and can reduce peak demand requirements. For example, the cost of solar power has dropped dramatically in the last few years and this trend is expected to continue. The near-term potential of distributed generation is also enhanced by several promising storage technologies which are now approaching commercialization. It is essential that utilities fairly assess the potential contribution of this resource over the entire length of the planning period in comparison to adding a new power plant. A well-designed planning process that includes analysis and discussion of these technologies can help utilities protect themselves against potential environmental liabilities and rising fossil fuel costs and allow them to begin a reasonable and prudent transformation of their infrastructure to meet their ratepayers' future needs.

We also encourage the Commission to serve its statutory role as the surrogate for competition in the electric utilities' monopoly business model. In this context, the Chapter strongly believes that it is crucial that utilities' near-term action plans be tested against the emerging, rapidly developing purchase power market, whether the source of the power is distributed or central station generation and whether the producer is another utility with excess generation, an independent power producer or a distributed generator. Simply because a utility has a statutory right and duty to serve the customer load in its franchised service territory does not mean that load should be served by utility-owned central station generation unless that source is truly the least-cost, most reliable and sustainable resource available. In this regard, we believe that any utility near-term action plan should be tested against a comprehensive, well-designed, and properly timed request for proposal (RFP) process.

To assist the Commission in consideration of the Chapter's comments, we append the strawman rule with suggested changes. We would welcome the opportunity to discuss our suggestions in more detail with the Commission.

Sincerely,



Bowden Quinn
Conservation Program Coordinator
Sierra Club Hoosier Chapter

Brad Klein
Senior Attorney
Environmental Law & Policy Center