

IEA Comments on IRP/DSM Rulemaking

The Indiana Energy Association (“IEA”), on behalf of its public electric utility members, hereby submits comments on the March 4, 2016 Integrated Resource Plan (“IRP”) draft rules to be codified as 170 IAC 4-7 (the “Proposed Rules”). The IEA appreciates the cooperative process that has been facilitated by the Indiana Utility Regulatory Commission (“Commission”) to obtain and consider input on the Proposed Rules. The IEA is committed to continuing to provide robust IRPs that provide value to the resource planning process.

The IEA provides the following comments to achieve the best possible Proposed Rules.

1. Change in time allowed for public comments

In the most recent redline from the Commission, the timeline allowed for public comments on a submitted IRP was extended by 30 days, from a total of 90 days after IRP submission, to 120 days after IRP submission. *See* 170 IAC 4-7-2.1. With this change, comments on IRPs filed on November 1 would be due on February 28 of the next year. The IEA respectfully disagrees that such a delay is appropriate. Stakeholders are already provided significant opportunity to understand the IRP before it is filed on November 1 through three public advisory meetings and access to information. Further, stakeholders will face fewer IRPs each year to review. The IEA does not believe that it is necessary to extend the review timeline for stakeholders to 120 days. Due to the lengthy stakeholder advisory process, the stakeholders now have considerably more time to engage and work with the utility on the inputs and outcomes of the IRP. Extending the timeline for feedback on the backend after the IRP is submitted will only delay the required actions and approvals for aligning the DSM program filings with the IRP and any approvals that will be needed for supply-side resources. In order to keep the IRP process timely and the resource action plans closely aligned with the IRP, the utilities propose limiting the time allotted for public comments to 90 days or less.

2. More specificity around the RTO information

This provision is newly added to the draft rule and appears intended, based on the title of the rule and the current practice in place, to require a utility to submit to the Commission a resource adequacy assessment report submitted annually by utilities that are members of MISO. However, the rule as written is ambiguous and could be construed to require any information that may relate to resource adequacy that a utility may submit during the preceding calendar year to its respective regional transmission organization (“RTO”), which would be burdensome and overly broad. The draft rule would benefit by clarifying that the annual resource assessment report is the information sought by the rule, which change could be easily effected by the following suggested edit:

Sec. 2.2. (a) On or before November 1 of each year, each utility listed in subsection 2(a) of this rule shall provide to the director a resource adequacy ~~assessment information~~ if the utility *reported* an assessment ~~provided~~ to a RTO in the preceding year.

(b) A utility providing information as required in subsection (a) shall explain any differences in the information provided under subsection (a) with the utility's most recent IRP. (*Indiana Utility Regulatory Commission; 170 IAC 4-7-2.2*)

3. Re-characterization of updates to an IRP at the time approval of a resource action is sought.

As the final Director's Report referenced, IRPs reflect a snap shot in time for utilities. In Section 2.5(a) – Effects of Integrated Resource Plans in Docketed Proceedings, the IEA recommends replacing the word “discrepancies” with “differences” in reference to the differences that may occur between the most recent IRP filing and a resource action. The word discrepancy means a lack of compatibility or similarity. Changes from a filed IRP to support a resource action plan should not necessarily be characterized as discrepancies or lack of compatibility. Rather, differences between inputs, methods, assumptions, and metrics between an IRP filing and a resource action may be necessary to update the analysis to better reflect current costs or knowledge at the time of the resource filing. The IEA recommends replacing the word “discrepancies” with “*differences*,” as it better reflects the changes that may occur between the filings and does not have the negative connotation associated with “discrepancies.” In addition, the provision requesting “an updated IRP analyses (sic)” should be understood to require supporting analysis of the differences and not an entirely new IRP.

4. Modeling innovative rate design and incorporation of AMI/smart grid information should be dependent on availability.

170 IAC 4-7-4(16) requires IRPs to detail how information from Advanced Metering Infrastructure (AMI) or smart grid will be used to enhance usage data and improve load forecasts, while 170 IAC 4-7-6(b)(1) requires a utility to analyze how innovative rate design might help meet future electric service requirements. Not all Indiana electric utilities have AMI/smart grid deployed on their systems. These utilities would be unable to detail how information from these sources will be used to enhance usage data and improve load forecasts and the absence of these resources also impacts the ability to utilize innovative rate design, which frequently requires such infrastructure. The IEA recommends revisions to both sections because such information is not universally available. For Section 4(16), the IEA suggests the provision be qualified by adding the clause “*Where available.*” Section 6(b)(1) should be modified to provide for evaluation of “(1) Innovative rate design, *to the extent feasible* as a resource in meeting future electric service requirements.”

5. Clarification changes to existing generating capacity are changes occurring in the planning horizon.

170 IAC 4-7-6(a) originally included the qualifier “for each year of the planning period.” The revisions omit this clarification and could be construed as implying the retirements, deratings, plant life extensions, fuel price forecasts, significant environmental effects and

other characteristics of the generating facilities must be described without the context of the twenty-year planning horizon. It is not practical or useful for IRP purposes to identify such characteristics for generating facilities outside the studied time period. IEA recommends that Section 6(a) be modified to clarify that “the utility must include in its IRP the following information *relevant to the planning period being evaluated.*”

6. Small Business definition consistent with the Federal statute

In the Commission’s redline, they have eliminated the definition of “small business” which is verbatim from 16 U.S. Code section 2621(3)(a). IEA would request that the definition of “small business” be reinserted.

7. IRP model output format issues

The current draft requires the utilities to submit IRP model outputs in a manipulable format. The outputs from IRP models are not available in excel format, but are generally available in a delimited text file format, commonly identified with the file extension .csv or referred to here as the CSV format. The utilities are happy to provide the IRP output in CSV format, but would request two weeks of additional time after the IRP is submitted to provide this to stakeholders. If the stakeholders would like to access the model, they will need to acquire a license and pay the appropriate licensing fees to the applicable vendor.

8. Mandating updates for substantial unexpected changes is problematic.

The strawman has revised 170 IAC 4-7-10(a) to mandate updates for substantial unexpected changes that occur between IRP submissions. The strawman should revert to the “*may*” that was originally proposed. The mandate introduces potential for post-hoc arguments about what changes were substantial and unexpected and required an update. Moreover, this could introduce constant IRP revisions even during periods when there is no proposed resource addition.

9. The Commission should not limit its authority to consider alternative rate design.

170 IAC 4-8-6(b) recognizes the ability to seek alternative rate design in lieu of lost revenues. The proposed rule limits the Commission’s authority to adopt such proposals only in a rate case. The Commission should provide itself more flexibility to consider rate design in any context. Doing so will not limit the Commission’s ability to conclude that particular proposals are best considered in a rate proceeding.

10. Clarification of the Commission Analysis

170 IAC 4-7-7(b)(2) states that for each resource selected “an analysis of how existing and proposed generation facilities conform to the utility wide plan and the commission analysis” is required.

In addition, 170 IAC 4-8-2(b)(5) states "...energy efficiency plan shall include the following information with its petition: (5) A description of how the energy efficiency plan is consistent with the commission analysis."

The "Commission Analysis" required under IC 8-1-8.5-3, is completed by the State Utility Forecasting Group ("SUFG"). This analysis relies in part on resource inputs provided by the utilities, which can lag up to two years, and does not attempt to identify necessary resources for individual utilities. Therefore, it would be very difficult to determine whether or not the utility IRP is consistent with the SUFG analysis, and in particular, whether an energy efficiency plan that is part of a utility's IRP is consistent with the SUFG report.

11. Topics to be discussed in the IRP meetings

170 IAC 4-7-2.6(e)(1)(D)(ii) requires that a "utility hold at least three meetings" and one of the topics to be discussed shall include an "evaluation of supply and demand side resource alternatives, including quantifiable energy and non-energy benefits." The term "non-energy benefits" is too broad, and may imply benefits not limited to the physical system itself. The term may be construed as to imply socio-economic benefits for which the measurement metrics are controversial or undefined. Non-energy benefits are not included in the IRP analysis (170 IAC 4-7-8). The draft rule would benefit by the following suggested edit:

(ii) quantifiable system benefits

12. Define demand-side management

The Commission's redline eliminated the definition of "demand-side management" or "DSM." The utilities would request that the definition of "demand-side management" be defined and included.

13. Fiscal Impacts

The current draft of the Proposed Rules varied substantially from the initial draft. Consequently, it is premature for the utilities to reliably determine the fiscal impact of the final rule. Considering the intricate framework contemplated in the Proposed Rule, a more reliable fiscal impact analysis can be conducted after the third draft of the Proposed Rules are complete.

Conclusion

In conclusion, the IEA, on behalf of its public electric utility members, hereby submits these comments to the Commission.