

August 5, 2016

Beth Krogel Roads, General Counsel
Jeremy Comeau, Assistant General Counsel
Indiana Utility Regulatory Commission
101 West Washington Street, Suite 1500 E
Indianapolis, Indiana 46204
bkroads@urc.in.gov
jcomeau@urc.in.gov
Electronically delivered

Re: Comments and Proposed Language for the 7/5/16 Version of the Strawman Rules of 170 IAC 4-7 *et seq.*, Guidelines for Electric Utility Integrated Resource Plans, and 170 IAC 4-8 *et seq.*, Guidelines for Demand-Side Cost Recovery by Electric Utilities

Dear General Counsel Roads and Assistant General Counsel Comeau,

We appreciate the opportunity to comment on the Commission's 7/5/16 Strawman Proposal for the IRP and DSM rules. Overall, the fiscal impact is lower, and the form and content of the rules is greatly enhanced from prior versions.

We suggest three major changes to this 7/5/16 version:

IRP RULE

170 IAC 4-7-2(c)(2)—The Importance of Certain, Specific Information in the Technical Appendix of the IRP

We would like to renew our request for the technical appendix to specify certain information that the utility must provide when it submits its IRP. Without it, non-utility stakeholders will undoubtedly exert much effort in trying to obtain basic information necessary to thoroughly evaluate the IRP and its assumptions.

In providing comments on Duke Energy Indiana and Indiana Michigan Power's IRPs during the 2015-2016 IRP Stakeholder Process, we spent an inordinate amount of time and resources attempting to obtain necessary information from the utilities. Despite Duke and I&M providing some responses to informal discovery requests following the submission of their IRPs, we were still unable to obtain critical information or received it too late to utilize in our comments.¹

¹ See Comments of Citizens Action Coalition, Earthjustice, Indiana Distributed Energy Alliance, Michael A. Mullett, Sierra Club, and Valley Watch on Duke Energy Indiana's and I&M's 2015 IRPs, http://www.in.gov/iurc/files/CAC_Earthjustice_et_al.pdf, especially but not exclusively page 2 ("However, Commenters were unable to obtain critical information from the company, Energy Exemplar, who owns Plexos, the modeling software which I&M used for its IRP. In particular, Energy Exemplar refused to provide the instruction manual and certain inputs for Plexos. It is untenable for the public not to have access to the instruction manual for the resource optimization model that a utility uses for its IRP. In the future, I&M should either directly provide or facilitate production of such information or use another

Requiring inclusion of the information in the technical appendix, even if it is subject to a non-disclosure agreement, will afford the parties the opportunity to make in-depth investigations into the IRPs and will greatly lessen the financial burden on all stakeholders. It will also bring more transparency to the IRP modeling which is an essential ingredient in being able to judge its reasonableness. In particular, we would suggest the following information be required in the technical appendix contemplated in 170 IAC 4-7-2(c)(2):

- (A) the input and output files, in electronic text format, from any modeling runs discussed in the IRP,
 - (i) a key to acronyms used in the modeling;
- (B) a copy of the user manual for the model(s) employed;
- (C) unit generation and cost from any modeling runs (in electronic spreadsheet format);
- (D) annual loads and resources for the modeling planning period at the load group, unit, and transaction levels in electronic, spreadsheet format;
- (E) the utility's energy and demand forecasts and any sensitivities on those forecasts,
 - (i) the input data and spreadsheets used to develop those forecasts;
- (F) the costs and characteristics of the resources examined in the IRP;
- (G) the utility's fuel prices forecasts and any sensitivities on those forecasts; and
- (H) the workbook(s) used to calculate the revenue requirements of each resource portfolio.

modeling platform that provides such information.”), page 13 (“While Duke provides a qualitative description of the kinds of capital projects necessary to comply with various environmental rules, see Duke IRP at 123-24, Duke does not provide cost estimates of such projects. See *id.*, 125-26. Although Duke did provide this information in response to informal discovery requests, this creates an extra burden on the public to obtain critical information that the utility should simply include in the confidential version of the IRP....We recognize that Duke considers its environmental compliance costs as confidential, but Duke should simply include such information in the unredacted version of the IRP. When the information is not included in the IRP itself, the public has to submit informal discovery requests, which takes longer than to simply receive a copy of the unredacted version of the IRP. Expediting the public's access to critical information is important, given the limited time between submission of the IRP and the comment deadline.”), pages 18-19 (“[Duke's] IRP modeling team was quick to schedule an initial conference call at our request, but the personnel able to answer those questions were not on the phone, even though we advised that we wanted to discuss the development of their energy efficiency ‘bundles’ for modeling. A followup call on this topic could not be scheduled until a week later and then was cancelled by Duke two days before. In the same way that we communicated with I&M's team, we sent email requests to Duke's team. However, all requests were interpreted as new informal discovery and generally subject to a 10-day turnaround, although we appreciate Duke's effort to get many responses in a more expeditious timeframe. This included simple questions such as clarifying what units data were in, as well as pointing out that data we had already requested was missing from prior responses... Even if all modeling files had been delivered on January 4, 2016, it would have been impossible for us to review all the runs conducted in depth – there was simply not enough time to do so. This is one of the reasons that we would encourage the utilities to provide the Commission and stakeholders with all inputs with the submission of the utility's IRP and that the Commission extend the period of time available to review data and draft comments to four months. Particularly when more than one IRP must be reviewed, the current timeframe limits what is feasible to review.”).

DSM RULE

170 IAC 4-8-1—The Use of Standard Cost-Benefit Test Definitions

The definitions of the cost-benefit tests in 170 IAC 4-8-1 (Participant Cost test, Ratepayer Impact Measure test, Societal Cost test, Total Resource Cost test, and Utility Cost test) should be linked to an authoritative source instead of creating additional definitions. The tests can be defined as equations, as is done in the California Standard Practice Manual,² a document upon which many, if not all, investor owned electric utilities in Indiana already rely in their DSM filings. Another good source for defining these tests is the EPA's National Action Plan for Energy Efficiency (NAPEE), a document developed in 2008 to aid in defining the cost-benefit tests used to evaluate energy efficiency.³ Either option is preferable to creating another set of definitions that may contradict industry standards and introduce additional ambiguity.

170 IAC 4-8-6(c)—Seeking Alternatives to Lost Revenues Outside of a General Rate Case Should Be Forbidden

We are concerned about this language in 170 IAC 4-8-6(c) and suggest it be stricken: "Nothing in this rule precludes a utility from proposing an alternative regulatory plan that eliminates the disincentive to pursue an energy efficiency program or demand response program in lieu of recovery of the utility's reasonable lost revenues..." We interpret this language to mean that a utility could propose decoupling or some other major rate design alternative outside of a general rate case. Major rate design proposals should only be examined within the context of a general rate case so that arguments and evidence can be fully weighed and considered due to the far-reaching impacts and gravity of such proposals.

FISCAL IMPACT

Senate Bill 412 rightly placed more emphasis on robust utility planning than the 2012 Strawman Rule. The proposed rule will help lower costs for the Commission and all parties involved by parsing out the arguments over the quality of a utility's IRP from the various proceedings regarding DSM, transmission, and CPCNs and into the IRP Stakeholder Process, which will occur just once every three years for each utility. The expenditures at issue in CPCN cases, for example, can be from tens of millions of dollars to over a billion dollars and require extensive legal and administrative expenses to litigate. By placing more emphasis on a robust and collaborative planning effort in anticipation of large filings, it will help to eliminate conflict and costs. Given the value of integrated resource planning in reducing risk, cost, and increasing transparency when it comes to ratepayer funding of electric infrastructure, the proposed rule should lessen financial burdens, rather than increase them, for all parties involved.

We would also note that if the Commission adopts our suggestions herein, we believe the rules would provide even greater cost efficiencies to all stakeholders.

² Available at: <http://www.cpuc.ca.gov/General.aspx?id=5267>.

³ Available at: <http://www2.epa.gov/energy/understanding-cost-effectiveness-energy-efficiency-programs>.

Thank you very much for this opportunity. We look forward to the issuance of the final rule. Please feel free to contact Jennifer Washburn, Counsel at Citizens Action Coalition, with any questions or concerns. Her phone number is 317-735-7764 and email is jwashburn@citact.org.

Respectfully,

Kerwin Olson, Executive Director
Citizens Action Coalition of Indiana
603 E. Washington Street Suite 502
Indianapolis, Indiana 46204
317-735-7727
kolson@citact.org

Laura Ann Arnold, President
Indiana Distributed Energy Alliance
545 E. Eleventh Street
Indianapolis, Indiana 46202
317-635-1701
Laura.Arnold@IndiananDG.net

Steve Francis, Chairperson
Sierra Club, Hoosier Chapter
Jodi Perras, Senior Campaign Representative
Sierra Club, Indiana Beyond Coal
1100 W. 42nd Street, Suite 218
Indianapolis, Indiana 46208
317-296-8395
sierrasteve@comcast.net
jodi.perras@sierraclub.org

Mark Bryant
Valley Watch
800 Adams Avenue
Evansville, Indiana 47713
(812) 464-5663
mark@valleywatch.net