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Ohio Valley Gas Corp.

South Eastern Indiana Natural Gas Co., Inc.

Sycamore Gas Co.

Vectren Energy Delivery of Indiana, Inc.

THE VOICE FOR INDIANA ENERGY

**COMMENTS OF INDIANA'S INVESTOR-OWNED ELECTRIC UTILITIES ON
INDIANA REGULATORY COMMISSION STAFF'S
2018 DRAFT STATEWIDE ANALYSIS OF FUTURE RESOURCE REQUIREMENTS FOR
ELECTRICITY**

Duke Energy Indiana, LLC, Indiana Michigan Power Company, Indianapolis Power & Light Company, Northern Indiana Public Service Company, and Southern Indiana Gas & Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. (collectively "IEA Utilities") respectfully submit the following comments in response to the Commission Staff's 2018 Draft Statewide Analysis of Future Resource Requirements for Electricity.

IEA Utilities appreciate the opportunity to provide input to the Commission on its current draft analysis of the long-range needs for expansion of facilities for the generation of electricity to meet the statutory requirement of Ind. Code §8-1-8.5.3. The Draft Report states that the Commission Staff developed this analysis relying on the information provided by Indiana's electric utilities recently submitted Integrated Resource Plans ("IRPs") and the State Utility Forecasting Group's ("SUFG") 2017 forecast as well as other sources.

At the public hearing held on August 10, 2018, some commenters took exception to the Commission's reliance upon electric utilities IRP's and the SUFG's analysis. IEA Utilities maintain that a combination of utility IRPs and SUFG analysis are the correct sources for the Commission to rely upon as these are the sources specified in I.C. §8-1-8.5.3. Specifically, this code section requires the Commission to confer and consult with the following:

- (A) the public utilities in Indiana;
- (B) the utility commissions or comparable agencies of neighboring states;
- (C) the Federal Energy Regulatory Commission; and
- (D) other agencies having relevant information.

Ind. Code §8-1-8.5.3 (d)(1).

Indiana's electric utilities are in the best position to develop analysis for the individual service territories, as it is the individual utilities that have the responsibility to provide safe and reliable service at the lowest reasonable cost for its customers. In addition to being useful to the Commission and all interested parties, IRP's are important planning tools for utilities as they plan for future electricity needs. Utilities develop and submit IRP's every three years for review and comment and must rely upon the IRP (or subsequent updates) before adding generation resources. To the extent that a utility seeks to add generation or deploy additional energy efficiency, these proposals are subject to docketed proceedings before the Commission. In other words, the analysis that is the subject of the draft report and these comments does not foreclose further analysis at the time additional resources are added to a utility's portfolio. As stated by General Counsel Helene at the public hearing, this report is not intended to foreclose outcomes of future proceedings. Rather, this report meets the requirements of I.C. §8-1-8.5.3.

Comments at the Commission's public hearing suggested that the Commission develop the budget and resources to develop its own independent analysis. However, this overlooks the role of the SUFG, who is created by statute to "arrive at estimates of the probable future growth of the use of electricity required" Ind. Code §8-1-8.5.5. The Commission is required to use the methodology developed by the forecasting group. *Id.* The IEA Utility's do not believe the Commission needs to staff up with additional resources to complete this resource analysis ; rather it is reasonable for the Commission to rely upon the utility IRP process and the expertise of the SUFG.

Additional comments at the Commission's public hearing focused on confidentiality surrounding IRP modeling and the need for transparency in the development of utility IRPs. The IEA Utilities recognize stakeholder interest in access to the modeling process. This interest has to be appropriately balanced with intellectual property rights. IEA Utilities must honor their contractual commitments to protect the intellectual property created by others, while also providing a transparent IRP process in which stakeholders have a meaningful opportunity to provide input. To that end, IEA Utilities are

committed to working with stakeholders during the IRP development process to strike a balance between these competing interests.

The IEA Utilities would also observe that the Commission now interacts regularly with the Midcontinent ISO and PJM on issues such as resource availability and planning and has access to the forecasts performed by these reliability entities that set reserve margin requirements and oversee the interconnection of new resources and the studies performed to determine the need for transmission improvements. Specifically, MISO provides resource forecasts for both Zone 6 as well as the remainder of its footprint and operates the queue that dictates the studies required for the interconnection of potential resources. PJM likewise develops load forecasts for the various electric distribution areas in its footprint. For capacity supplies, PJM largely relies on a 3-year forward capacity auction process (with a self-supply option for entities such as I&M who meet certain criteria). Further, PJM is in the midst of a long-term study on fuel and grid resilience issues. The information provided by these entities is pertinent to the resource planning performed by the Commission.

Although the IEA Utilities recommend no major changes to the Draft Report, they do encourage the Commission to consider a range of comments in the ongoing discussion regarding resiliency of the electric grid, particularly in regards to the impacts of fuel sources, on page 33 of the report. The Draft Report appropriately notes the Federal Energy Regulatory Commission's investigation on the relationship between resiliency, reliability, and the performance of the bulk power system. Comments have been made in various fora that address the significant role natural gas can play in ensuring the resiliency of the electric grid. Resiliency must be considered along with affordability, and natural gas generation offers a cost effective approach to ensuring resilience of the electric grid.

The IEA Utilities appreciate the ability to participate in this process and the ability to provide these comments. In addition, in the attached Appendix A, Indiana Michigan Power Company ("I&M") provides I&M-specific comments to clarify certain information in the draft report related specifically to I&M.

APPENDIX A
Indiana Michigan Power Company

I&M provides the following comments on the 2018-02 Rulemaking draft report:

- **Section: III A(1)(a) Probable Future Growth of the Use of Electricity-I&M**

Consider restating as follows: According to its 2015 IRP, I&M is forecasting energy and peak demand requirements to increase at a compound average growth rate of 0.2 percent through 2035. In 2015, I&M did not anticipate the need for additional capacity until 2035. I&M is reevaluating this assumption as it prepares its 2018 IRP. Energy efficiency and demand response were projected to reduce I&M’s retail load by eight percent over the 2016-2035 planning horizon.

- **Section: Appendix 3**

Remove Bluff Point (119 MW). Bluff Point’s output is purchased by I&M affiliate Appalachian Power Company.

- **Section: Appendix 4 and 5**

Appendix 4 and 5 provides investor owned utility operating renewable resources located in the state of Indiana. However, I&M has renewable resources that are located in Michigan which are used to serve I&M’s retail customers. Table I&M-1 provides information about I&M’s renewable resources located in Michigan.

Table I&M-1

Location	Utility	MI County	Installed (MW ac)	Source
Watervliet (solar)	I&M	Berrien County, MI	4.6	Cause No. 44511
Berrien Springs (hydro)	I&M	Berrien Springs, MI	6	N/A
Buchanan (hydro)	I&M	Buchanan, MI	3	N/A
Constantine (hydro)	I&M	Constantine, MI	1	N/A
Mottville (hydro)	I&M	Mottville, MI	2	N/A