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INDIEC Initial Comments on Integrated Resource Plan and Energy Efficiency Plan Rulemaking

Goal of the IRP process

The stated goal in the existing IRP rule is for the utility to select a least-cost mix of resources, whereas the Draft Proposed Rule requires a “preferred resource portfolio” which seeks to balance cost minimization with cost-effective risk and uncertainty reduction. 170 IAC 4-7-8. While it may be appropriate to include risk and uncertainty reduction to the extent certain resources have more risk and uncertainty and therefore can increase actual costs, it should be emphasized that the goal of the IRP process remains, in fact, the plan which most likely to result in the least costs to ratepayers. The definition of “preferred resource portfolio” should reflect the appropriate emphasis on identifying the least cost policy as follows:

“Preferred resource portfolio” means the utility’s selected long-term resource mix that safely, cost-effectively, and reliably meets customer electric system demand, taking cost, risk, and uncertainty into consideration.

Customer Self- Generation

Self-generation is a defined term in the draft proposed rule at 170 IAC 4-7-1(tt). The draft rule also defines “Distributed generation” at 170 IAC 4-7-1(p), which may include self-generation. The draft rule at 170 IAC 4-7-4(b) (5) deletes “self-generation” and adds “distributed generation” as a planning requirement. To the extent that distributed generation and self-generation are differently defined terms, both terms should be included in the draft rule. INDIEC proposes that 170 IAC 4-7-4(b)(5) state:

“A discussion of customer self-generation and distributed generation within the service territory and the potential effects on generation, transmission, and distribution planning and load forecasting.”

Interruptible and Demand Response Rates

Draft proposed rule 170 IAC 4-7-6(b) directs a utility to consider alternative methods of meeting future demand, including innovated rate design and demand-side measures. Consideration of establishing new or expanding interruptible and demand response rates should be explicitly mentioned in this section as the availability of those rates can provide valuable system resources to a utility without the need to invest in a new plant.

Guidelines for Demand Side Cost Recovery - 170 IAC 4-8

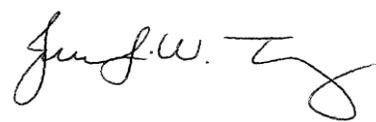
HEA 412 draws an important distinction between energy efficiency programs and programs designed to primarily reduce demand for limited intervals of time, such as during peak electricity usage or emergency conditions. Ind. Code § 8-1-8.5-10(d). Accordingly, the term “energy efficiency program” should be used in 170 IAC 4-8-6 instead of “demand side management program”.

Likewise to reflect the structure of HEA 412, which considers energy efficiency plans not less than one time every three years, any lost revenues should be limited to the duration of the energy efficiency plan approved by the Commission under Ind. Code § 8-1-8.5-10(h).

Lost revenue recovery is premised on the assumption that the utility experiences difficulty in recovering its fixed costs due to the energy efficiency programs. 170 IAC 4-8-6 already requires consideration of free-riders, the change in the number of program participants between base rate changes and EM&V activities. Additional considerations which a utility should be required to include in proposing any lost revenue recovery mechanism are customer load growth off-system sales, and changes in other revenue structures. Changes in any of these factors between rate cases provides the utility with additional fixed cost recovery which should be an off-set in any lost revenue mechanism.

Thank you for the opportunity to submit comments. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer W. Terry". The signature is fluid and cursive, with a large, stylized initial "J" and "T".

Jennifer Terry
