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INDIEC Response to the Joint Utilities Redline of the Commission's October 10, 2015
Integrated Resource Plan and Energy Efficiency Plan Rulemaking Strawman

Interrelationship Between IRP Process and Energy Efficiency Plan Submissions

INDIEC recognizes that a means of measuring the costs and benefits of various resource options is an important part in evaluating the cost effectiveness of resource options and selecting least cost alternatives. This is particularly true with regards to demand side resource options now that under IC 8-1-8.5-10(j) consideration of a utility's energy efficiency plan includes consideration of the plan's consistency with the utility's IRP, as well as consideration of the utility's "current integrated resource plan and underlying resource assessment." IC 8-1-8.5-10(j)(3)(B) & (9). Likewise, the Commission is to consider "a cost and benefit analysis of the plan" IC 8-1-8.5-10(j)(2).

Under 170 IAC 4-7-7 the Joint Utilities have proposed insertion of language in a new paragraph (g) which reads:

For purposes of determining the benefit cost test results, the cost to be included in various test shall be determined by the California Standards Practice Manual: Economic Analysis of Demand-Side Programs and Projects.

There are two issues with respect to this proposed insertion. The California Standards Practice Manual is a generally accepted guide used to identify cost and benefit components and cost effectiveness calculation procedures, but it does not specifically define program costs as suggested by the Joint Utilities proposed language. IC 8-1-8.5-10(g), on the other hand, already defines "program costs" for purpose of energy efficiency programs. Given the interrelationship between the IRP and energy efficiency plan approval process, due consideration should be given to that definition over other, non-statutory, sources.

Second, and relatedly, broadly speaking when the Manual identifies cost “components” within the Participant, RIM, TRC and Program Administrator cost tests, it does not take into account lost revenues or financial incentives. To the extent that such costs can be imposed on ratepayers under IC 8-1-8.5-10, exclusion of those costs from the IRP’s “underlying resource assessment” will unreasonably narrow and hinder the Commission’s consideration of the reasonableness of a utility’s energy efficiency plan.

To preserve the Commission’s discretion in assessing energy efficiency plans, the proposed addition should be rejected so that inputs are not prejudged as “valid” in the IRP process before their consideration in the energy efficiency plan approval process.

Reflecting the Statutory Boundaries With Regards to Cost Recovery

INDIEC has previously expressed concern that proposed revisions to 170 IAC 4-8 fail to draw an adequate distinction as called for by IC 8-1-8.5-10(d) between energy efficiency programs and “programs designed primarily to reduce demand for limited intervals of time, such as during peak energy usage or emergency conditions.”

The Joint Utilities have proposed a revision to 170 IAC 4-8-1(i) “DSM Program Costs” that mirrors the definition of “program costs” under IC 8-1-8.5-10(g). By reframing the definition as “DSM Program Costs” rather than “Energy Efficiency Program Costs” however, the proposed language implies that utilities may be eligible to recovery lost revenues and performance incentives for demand response programs, including those “programs designed primarily to reduce demand”.

Such a result is not intended by IC 8-1-8.5-10, and should not be included within the Commission’s new rules. In addition, to the extent that cost recovery related to demand response programs may already be included within specific tariffs, cost recovery through the energy efficiency program rider should not be permitted. Accordingly, specific language should be added to limit cost recovery solely to energy efficiency programs. INDIEC therefore proposes the addition of the following language should the Commission retain the Joint Utilities’ proposed language defining “DSM Program Costs”.

. . . Other recoveries or incentives approved by the commission, including lost revenues and performance incentives approved by the commission, except that demand response programs shall not be eligible for recovery of lost revenues and performance incentives.

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

Sincerely,

Jennifer W. Terry
