February 21, 2020

Mr. Ryan Heater
Chief of Staff
Indiana Utility Regulatory Commission
101 W. Washington Street, Suite 1500 East
Indianapolis, Indiana 46204

Re: Request for comments on HEA 1278 Statewide Study on Impacts of Fuel Source Transition

Mr. Heater,

Thank you for the opportunity to submit comments on the various aspects of the Study the Indiana Utility Regulatory Commission is conducting in response to the HEA 1278 requirements.

The legislature gave the IURC the task of completing a comprehensive analysis that is very complex and broad in scope. In addition, the timeframe for this Study by necessity is very tight. Indianapolis Power & Light Company (IPL) would like to acknowledge the significant effort and progress made by the IURC staff and their consultants on this project to date.

Given the importance of the Study and the potential impact of future legislation on the State of Indiana, our customers and our business, IPL has been fully engaged from the Study outset and fully cooperating with the IURC's consultants. IPL commits to continue our efforts to ensure the Study is as balanced and useful as possible.

The information requested by Lawrence Berkeley National Labs (LBNL), Indiana University (IU) and the State Utility Forecasting Group (SUFG) has been extensive and taken significant resources to gather. Given the breadth of the data requested and the reality that certain of the economic data is not information required for the conduct of our business, there were inherent limitations to the data that IPL was able to provide in some cases. Where appropriate and reasonable, IPL provided proxies as alternatives in hopes to facilitate the study effort. On the whole, IPL believes we have been able to satisfy the data requests to date. We offer the following for your consideration:

- IPL would like to commend the key contacts at each of the entities engaged in this Study. Our points of contact have been cooperative and responsive to questions and requests for additional clarity. This open and transparent communication should improve the quality of the Study results.

- IPL has significant technical resources and knowledge of the Study subject matter. If time allows, IPL requests that we be provided the opportunity to review and comment on the draft results before the analyses and report are completed.

- IPL requests the SUFG and LBNL portions of the Study recognize and reflect the unique characteristics of each Indiana utility. These distinct characteristics should be considered in the development of public policy recommendations.

In addition to overall process comments, we offer the following specific comments below:

SUFG Futures Scenarios

Scenarios 1-3 provide a reasonable approach to identifying bookend changes to already announced coal retirements in Indiana. When constructing the statewide portfolios, IPL encourages the Study to address the role of renewables and storage to address peak demand throughout the year, even if it will not be directly modeled in the scenarios. This includes potential changes in Effective Load Carrying Capability (ELCC) as penetration levels increase, as well as other factors such as demand response, storage, and rate design measures that can improve the ELCC of wind and solar through time.

In addition to the base assumptions for each scenario, deterministic sensitivities on key variables could provide a range of outcomes for each state energy portfolio. The combination of scenarios and sensitivities will provide a more holistic view of how state resource portfolios perform when stressed.

Regarding the scenario of future energy efficiency opportunities, we would note that IPL is currently at the upper end of "reasonably achievable potential" (as identified in our most recent Market Potential Study that identified energy efficiency opportunities for our service territory). In other words, IPL is currently achieving significant levels of energy efficiency near the high range of what might be expected to be "reasonably achievable."

In addition, the SUFG study outline suggests that incremental energy efficiency can be achieved ratably with increasing spend. However, IPL's Market Potential Study and experience shows that the relationship between energy savings and utility spending is not linear. Delivery of incremental energy efficiency in excess of the baseline amount will be significantly more expensive.

LBNL Study on New Technologies and Grid Impacts

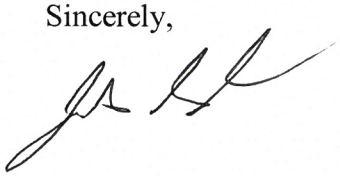
While the LBNL study plan is very comprehensive and a reasonable approach, it should be noted that using a handful of circuits to represent the investments required in this changing landscape has inherent limitations. Investments in new distribution plant are by their nature uneven and very circuit and utility specific.

IU Analysis of the Local Economic Impacts of a Generation Transition

The IU analysis will cut to the heart of the numerous issues and consequences of retiring generating units that have provided reliable and affordable electricity to our customers. The IU Study would provide incremental benefits if it considers the implications of shifting responsibility for utility costs that will inevitably arise as more and more customers participate in customer-sited distributed technologies such as solar. The remaining non-participating customers, often the most economically challenged, will be left with larger portions of the remaining system costs.

IPL appreciates the opportunity to provide input to the Study process and we intend to continue to be fully engaged, providing support and assistance where requested. If you have any questions, please do not hesitate to reach out to me at 317-261-8072 or contact me via e-mail at justin.sufan@aes.com.

Sincerely,



Justin Sufan
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