

**IN VCEPS Stakeholder Meeting with
WIND ON THE WIRES – July 19, 2011**

See handout from Wind on the Wires.

The goal of the statute and the rule should be to supplant existing generation and increase energy diversity.

New Clean Energy Resources

- Distinction between where utilities are now versus what is coming down the pipeline.
- Indiana utilities have enough clean energy resources now that there would be no new clean energy build out between now and 2019.
- The 4% goal has already effectively been achieved.
- Because utilities can use clean energy credits (CECs) from 1st period to meet 2nd period goal, likely very little new resources needed to meet 2nd period goal.
- Key determination is what “in service” date will count toward meeting goal.
- Rule should emphasize new clean energy resources that are bundled with purchase power agreements (PPAs), not just CECs.

The vehicle should continue to be long-term bundled power purchase agreements. These include energy plus the CECs. The standard term is 20 years, which provides for the best financing opportunities and for price stability. Absolute minimum term is 10 years.

IURC Question: Is there a distinction between meeting the goal vs. receiving the incentive?

IURC: If stakeholder recommends that only new resources should count, then please provide the statutory rationale to back up the recommendation.

“Incentive” – means to do something new and should only be awarded for new investment. It should not be a reward for past behavior.

IURC: Investment in the technology; can recover costs through the tracker. Do you feel the 50 basis points is discretionary?

Yes, the Commission has the flexibility.

IURC Question: What should be the process and/or procedures for the application for the program and the application for the incentives? Should this be a contested proceeding?

There should be two separate processes. Utility should only receive incentive after demonstrated compliance (e.g, in 2018 after reached 4% goal). Then have more perfunctory process within 120 days for incentive application process, which would just be to determine if met goal.

The determination of cost effectiveness and “just and reasonable” would be included in the program application process, so this should be a docketed contested proceeding allowing for intervention.

The emphasis should be on clean energy; CECs should only have a limited role.

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CECs should have a shelf life (in some states, the shelf life is 2 years). The CECs should be related to the goal period. Recommendation is to limit the shelf life so it does not extend beyond the next goal period.

If a utility fails to comply and meet the goals, there should be the potential for penalties and for enforcement of the IURC order approving participation in the program. Utility should also have the ability to straighten out; perhaps through the granting of a variance or of an amendment to its plan, but the utility should be required to justify why the IURC Order should no longer continue.

Section 12(d) provides for a back end off ramp. An administrative withdrawal process should be included in the rule.

Just and reasonable rates should be determined based on the costs of new resources, not on the avoided costs of existing resources.

IURC: The finding in Sections 10(b)(2) and 11(c)(3), regarding projecting no increase in rates above that which can reasonably be expected.

The just and reasonable rate determination should be tied to the Integrated Resource Planning (IRP) process; recommend using the 20 year levelized cost to cost if new generation (i.e., new conventional coal plant).

Wind on the Wires is planning on submitting written comments by the August 15th initial deadline for comments relating to rule development.