

**ORIGINAL**

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

Commissioner	Yes	No	Not Participating
Huston	√		
Bennett	√		
Freeman	√		
Veleta	√		
Ziegner			√

VERIFIED PETITION OF INDIANAPOLIS POWER & LIGHT COMPANY D/B/A AES INDIANA (“AES INDIANA”) FOR (1) ISSUANCE TO AES INDIANA OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR THE ACQUISITION AND DEVELOPMENT BY A WHOLLY OWNED AES INDIANA SUBSIDIARY OF A SOLAR POWER GENERATING FACILITY AND BATTERY ENERGY STORAGE SYSTEM PROJECT TO BE KNOWN AS THE CROSSVINE PROJECT (“THE CROSSVINE PROJECT”); (2) APPROVAL OF THE CROSSVINE PROJECT, INCLUDING A JOINT VENTURE STRUCTURE BETWEEN AN AES INDIANA SUBSIDIARY AND ONE OR MORE TAX EQUITY PARTNERS AND A CONTRACT FOR DIFFERENCES BETWEEN AES INDIANA AND THE PROJECT COMPANY THAT HOLDS AND OPERATES THE SOLAR GENERATION AND STORAGE ASSETS, AS A CLEAN ENERGY PROJECT AND ASSOCIATED TIMELY COST RECOVERY UNDER IND. CODE § 8-1-8.8-11; (3) APPROVAL OF ACCOUNTING AND RATEMAKING FOR THE CROSSVINE PROJECT, INCLUDING AN ALTERNATIVE REGULATORY PLAN UNDER IND. CODE § 8-1-2.5-6 TO FACILITATE AES INDIANA’S INVESTMENT IN THE CROSSVINE PROJECT THROUGH A JOINT VENTURE; AND (4) TO THE EXTENT NECESSARY, ISSUANCE OF AN ORDER PURSUANT TO IND. CODE § 8-1-2.5-5 DECLINING TO EXERCISE JURISDICTION OVER THE JOINT VENTURE, INCLUDING THE PROJECT COMPANY, AS A PUBLIC UTILITY.

CAUSE NO. 46113

APPROVED: APR 09 2025

**ORDER OF THE COMMISSION**

**Presiding Officers:**

**James F. Huston, Chairman**

**Kristin E. Kresge, Administrative Law Judge**

On August 29, 2024, Indianapolis Power & Light Company d/b/a AES Indiana (“AES Indiana” or “Petitioner”) filed its Verified Petition with the Indiana Utility Regulatory Commission (“Commission”) seeking the following approvals and authority for the: (1) issuance to AES Indiana of a certificate of public convenience and necessity (“CPCN”) for the acquisition and development, by a wholly owned AES Indiana subsidiary, of a solar power generating facility and

battery energy storage system (“BESS”) project to be known as the Crossvine Project (“Crossvine Project” or “Project”); (2) approval of the Crossvine Project, including the Membership Interest Purchase and Project Development Agreement (“MIPA”), a Joint Venture structure between an AES Indiana subsidiary and one or more tax equity partners (“TEP”), and a F (“CFD”) between AES Indiana and Crossvine Solar 1, LLC (“ProjectCo”) that holds and operates the solar generation and storage assets, as a Clean Energy Project, and associated timely cost recovery under Ind. Code § 8-1-8.8-11; (3) approval of accounting and ratemaking for the Crossvine Project including an Alternative Regulatory Plan (“ARP”) under Ind. Code § 8-1-2.5-6 to facilitate AES Indiana’s investment in the Crossvine Project through the Joint Venture; and (4) to the extent necessary, issuance of an order pursuant to Ind. Code § 8-1-2.5-5 declining to exercise jurisdiction over the Joint Venture, including the ProjectCo, as a public utility.

Also on August 29, 2024, AES Indiana filed its case-in-chief including supporting workpapers and testimony from:

- Erik K. Miller, Director, Resource Planning for AES Indiana;
- Garrett Sherwood, Renewable Energy Manager for AES Indiana;
- Gustavo Garavaglia, Vice President and Chief Financial Officer of IPALCO Enterprises, Inc. and AES Indiana;
- Kimberly Aliff, Revenue Requirements Manager in Regulator Affairs for AES Indiana;
- Matthew Fields, Senior Manager, Federal Regulatory and RTO Policy for AES Indiana;
- Melanie Raney, Senior Manager, M&A and Business Development for AES US Services, LLC (“AES Services”);
- Meredith C. Stone, Senior Project Manager for Concentric Energy Advisors, Inc.;
- Nicholas M. Miller, Senior Manager, Regulatory Tax for AES US Utilities & Conventional Generation for AES Services;
- Matthew R. Thibodeau, Senior Vice President and Senior Project Director for Sargent & Lundy.

On September 23, 2024, Petitioner submitted the revised direct testimony of Mr. Garavaglia. On November 26, 2024, the Indiana Office of Utility Consumer Counselor (“OUCC”) filed testimony and attachments constituting its case-in-chief from Brittany Baker, Utility Analyst for the OUCC, and Roopali Sanka, Utility Analyst for the OUCC. On December 19, 2024, AES Indiana filed the revised direct testimony of Ms. Stone and rebuttal testimony of Mr. Sherwood.

The Commission conducted an evidentiary hearing in this Cause on January 15, 2025, at 1:00 p.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. Petitioner and the OUCC appeared and participated in the hearing by counsel at which the testimony and attachments of Petitioner and the OUCC were admitted into the record without objection.

Based upon the applicable law and evidence presented, the Commission now finds:

**1. Notice and Jurisdiction.** Notice of the evidentiary hearing in this Cause was given and published by the Commission as required by law. AES Indiana is a “public utility” within the meaning of that term as used in Ind. Code §§ 8-1-2-1 and 8-1-8.5-1. AES Indiana is also an “eligible business” as defined in Ind. Code § 8-1-8.8-6 and an “energy utility” as defined in Ind. Code § 8-1-2.5-2. AES Indiana provides “retail energy service” as that term is defined by Ind. Code § 8-1-2.5-3. Accordingly, the Commission has jurisdiction over AES Indiana and the subject matter of this proceeding.

**2. Petitioner’s Characteristics.** AES Indiana is a public utility corporation organized and existing under Indiana law, with its principal office at One Monument Circle, Indianapolis, Indiana. AES Indiana is engaged in rendering electric utility service in Indiana, and owns and operates, among other properties, plant, and equipment within Indiana that are used for the generation, transmission, delivery, and furnishing of such service to the public.

**3. Overview of the Crossvine Project.** The Crossvine facility is planned to be an 85 megawatt (“MW”) alternating current (“ac”) solar photovoltaic electric generation facility coupled with a 340 megawatt-hour (“MWh”) direct current BESS (85 MW/4-hour discharge power capacity) located in Dubois County, Indiana. The Crossvine Project is expected to operate as a capacity and energy resource in the Midcontinent Independent System Operator (“MISO”) market. The Crossvine facility will interconnect to an existing CenterPoint Energy Indiana 138 kilovolt transmission line at the new Holland substation. The commercial operation date (“COD”) for the Project is June 2027.

AES Indiana, through a wholly owned subsidiary, has entered into an agreement (the MIPA) to acquire and develop the Crossvine Project, which is subject to Commission approval. The MIPA is with Crossvine Solar Holdings, LLC, a subsidiary of Lightsource Renewable Energy US, LLC (“Lightsource bp”), which is developing the Crossvine Project through the ProjectCo. AES Indiana proposes to use an Engineering, Procurement, and Construction (“EPC”) Agreement with a qualified contractor to construct the Crossvine Project. The EPC Contractor will provide engineering, equipment and labor procurement and construction services, along with having direct contact with the vendors. Ultimately, ProjectCo will be owned by a Joint Venture formed by a subsidiary of AES Indiana, and one or more TEP, which Petitioner expects will result in lower costs to AES Indiana’s customers. AES Indiana, through its subsidiary, will manage the day-to-day operations of the Crossvine Project.

The Crossvine Project will contribute approximately 80 MW of unforced capacity (“UCAP”) to AES Indiana’s winter capacity need as identified in AES Indiana’s 2024 Integrated Resource Plan (“IRP”) Update. AES Indiana will enter into a Capacity Agreement and CFD with the ProjectCo that holds and operates the energy generating facility.

**4. Relief Requested.** AES Indiana requests the Commission to approve the Crossvine Project, including the MIPA, the Joint Venture investment structure and the use of a CFD as a Clean Energy Project, and to issue AES Indiana a CPCN for the acquisition and development of this new solar generation facility and BESS. AES Indiana asks the Commission to approve associated accounting and ratemaking, including approval of an ARP to facilitate AES Indiana’s investment in the Crossvine Project through the Joint Venture. AES Indiana contends the ARP

will allow AES Indiana to invest in the Crossvine Project in a way that reduces overall costs of the Project for the benefit of AES Indiana's customers.

The requested accounting and ratemaking relief includes AES Indiana's proposed deferral and timely cost recovery of carrying charges on and amortization of the regulatory asset in AES Indiana's annual Environmental Compliance Cost Recovery Adjustment proceedings. In Petitioner's next basic rate case, the unamortized balance of the regulatory asset will be included in net original cost rate base and in the value of its rate base for purposes of Ind. Code § 8-1-2-6 (Valuation of Property). AES Indiana also proposes timely cost recovery for the CFD to be administered in AES Indiana's Fuel Adjustment Clause ("FAC") proceedings. AES Indiana also requests deferral authority for the costs incurred to develop the Crossvine Project ("Project Development Costs") as a regulatory asset and to recover such costs in a future basic rate case. In the event the Crossvine Project is not approved by the Commission, AES Indiana requests authority to defer and subsequently recover through rates prudently incurred Project Development Costs that are incurred prior to the date of the Commission Order. The Commission previously declined to exercise its jurisdiction over the Crossvine Project as set forth in the Order in Cause No. 45977, dated February 21, 2024. Petitioner requests the Commission to continue to decline to exercise jurisdiction over the ProjectCo as a public utility. To the extent necessary, Petitioner requests the Commission decline to exercise any jurisdiction over the Joint Venture as a public utility. Finally, AES Indiana proposes that the Commission maintain an ongoing review of the construction of the Project as it proceeds.

**5. Statutory Framework.** Ind. Code § 8-1-8.5-5 sets forth the criteria for the Commission to grant a CPCN. Ind. Code § 8-1-8.8-2 concerns the development of "clean energy projects", including renewable energy projects. Pursuant to Ind. Code § 8-1-8.8-11, the Commission shall encourage clean energy projects by authorizing financial incentives, such as the recovery of costs and expenses incurred during construction and operation of the projects, if the projects are found to be just and reasonable. AES Indiana is an energy utility. AES Indiana proposes to undertake a Clean Energy Project, specifically solar energy and energy storage systems. Therefore, AES Indiana is eligible for relief under Ind. Code ch. 8-1-8.8. Ind. Code § 8-1-2-42(a) ("Section 42(a)") also authorizes rate adjustment mechanisms for the recovery of costs incurred in the provision of retail service. Ind. Code § 8-1-2-0.6 provides that it is the policy of the state that decisions concerning Indiana's electric generation resource mix, energy infrastructure, and electric service ratemaking constructs must consider each of the following attributes of electric utility service: reliability, affordability, resiliency, stability, and environmental sustainability (the "Five Pillars"). Ind. Code § 8-1-8.5-3.3 directs the Five Pillars to be considered as part of the IRP process. Finally, Ind. Code § 8-1-2.5-6 provides a basis to facilitate the establishment of the Joint Venture as an ARP, and to authorize AES Indiana to reflect its investment, through a wholly owned subsidiary, in the Joint Venture in AES Indiana's net original cost rate base and grant to AES Indiana associated accounting and ratemaking relief. Ind. Code § 8-1-2.5-5 provides a basis for the Commission to decline to exercise its jurisdiction.

**6. Petitioner’s Case-in-Chief.**

**A. Project Overview.** Mr. Garavaglia provided an overview of the Project and relief sought by AES Indiana. He stated the ProjectCo that will own the Project is a subsidiary of AES Indiana, and the ProjectCo will ultimately be owned by a Joint Venture. He explained that AES Indiana, through its subsidiary, will manage the day-to-day operations of the Crossvine Project. He stated that AES Indiana is and will remain subject to the Commission’s full jurisdiction. He testified AES Indiana has the requisite managerial, operational, and financial ability to develop and manage the Crossvine Project and added that in the development and operation of the Project, AES Indiana will be able to leverage the experience and expertise of the AES Corporation, which owns and operates solar and battery storage facilities in the United States and elsewhere. Mr. Garavaglia testified that a “Clean Energy Project” as defined in the statute specifically lists solar energy and energy storage systems or technologies as clean energy resources, making the Crossvine Project a resource the statute was designed to encourage.

AES Indiana witness Erik Miller testified that the Crossvine Project will allow AES Indiana to add a dispatchable BESS resource to its portfolio to address Petitioner’s winter capacity need while adding additional solar production for its energy value. He stated that as such, the Crossvine Project supports reliability by providing a firm dispatchable capacity resource in all seasons, adding that the BESS resource associated with the Crossvine Project is forecasted to continue to provide firm dispatchable capacity near or above 90% accreditation in all four seasons of MISO’s Seasonal Resource Adequacy Construct contributing to system reliability.

**B. AES Indiana IRP and Consideration of Resource Alternatives.** Mr. Erik Miller presented AES Indiana’s Preferred Resource Portfolio and Short-Term Action Plan defined in AES Indiana’s 2022 IRP. He also discussed the 2024 IRP Update, which updated key planning assumptions to contemporary data and included the impacts of the U.S. Environmental Protection Agency Greenhouse Gas New Source Performance Standards and resulted in the model choosing additional battery energy storage when capacity is needed. Witness Erik Miller provided a comparison of the cost of the Crossvine Project to the cost of the hybrid solar and energy storage inputs used in the 2022 IRP and 2024 IRP Update modeling through the levelized cost of energy calculation. He demonstrated that the Crossvine Project is consistent with AES Indiana’s IRP Preferred Resource Portfolio, the State Utility Forecasting Group (“SUF”) Electricity Projections, and the IURC’s 2018 Statewide Analysis.

Mr. Erik Miller also discussed the resource alternatives identified in Ind. Code § 8-1-8.5-4. He explained this is the purpose of the IRP and elaborated on Petitioner’s consideration of other resource options.

Mr. Erik Miller testified that AES Indiana found that the Preferred Resource Portfolio performed generally the best across the IRP Scorecard categories and therefore was selected as the reasonable, least cost plan. He also testified that AES Indiana’s decision to proceed with the hybrid resource Crossvine Project with 85 MW installed capacity (“ICAP”) of solar resources and 85 ICAP MW/4 hours of BESS resources is a reasonable, least cost option to meet Petitioner’s resource needs, including the need for additional capacity during winter. He testified that the Project will contribute to a sustainable and affordable future for AES Indiana customers, and provide reliable and dispatchable capacity under MISO’s seasonal resource adequacy construct.

**C. All-Source RFP and Project Selections.** Ms. Raney and Mr. Thibodeau described AES Indiana’s All-Source Request for Proposals (“RFP”), the three-phase bid evaluation of the resulting proposals received, and the selection of the Crossvine Project.

Ms. Raney testified that the Crossvine Project is in a relatively advanced stage of development. Witnesses Raney and Fields explained that the Project has executed Generator Interconnection Agreements (“GIA”) for the solar facility and much of the BESS; the remaining BESS GIA is expected to be finalized no later than October 2024, and thus, there is no expectation of delay to the Project achieving commercial operation in June 2027 based on interconnection. Mr. Fields also testified that the interconnection costs and congestion and curtailment risk for the Crossvine Project are reasonable.

Ms. Raney said all site studies required to assess Project conditions that could materially affect Project design are available to the engineering firms; therefore, they can move forward on engineering design, and their results have been considered into the cost estimation inputs used for the Project Best Estimate. She stated land lease options are in place, and will be exercised as needed, with more than 1,100 acres available allowing the Project flexibility for engineering and construction purposes. She stated that while this matter is pending Commission approval, the 30% design package will be completed, and this will position the Project to submit local authorizations and start construction in a timely manner.

Ms. Raney discussed Lightsource bp’s creditworthiness. She also discussed Project Development, including the MIPA, and the plans regarding the EPC Agreement. Petitioner witness Sherwood further explained how AES Indiana will manage the development of the Crossvine Project. Ms. Raney testified that the Renewable Energy Credits (“RECs”) created by the Crossvine Project will be directly assigned to AES Indiana via the CFD and added that AES Indiana may either retain the RECs associated with the Project or sell them.

Ms. Raney testified about the method used in the Project selection, stating that AES Indiana assessed the proposals both quantitatively, focusing on the present value revenue requirement (“PVR”) and PVR per Winter UCAP, and qualitatively, including consideration of development risk. Petitioner witness Stone presented the PVR Ranking Analysis. Ms. Stone testified that the Crossvine facility had the third lowest PVR result for both 30- and 35-year term lengths, and the PVR per MW of winter UCAP is below the midpoint of the 30- and 35-year terms and is the lowest among the solar plus storage projects. Ms. Raney explained that after considering both the quantitative and qualitative analyses and project characteristics, AES Indiana decided to move forward with the Crossvine Project.

**D. Public Convenience and Necessity.** Mr. Garavaglia testified that the public convenience and necessity requires the construction of the proposed Project. Petitioner witnesses Garavaglia and Erik Miller explained that AES Indiana requires this additional winter capacity. Mr. Garavaglia explained the Crossvine Project has the lowest PVR of the viable and deliverable projects and the lowest PVR/MW UCAP of the hybrid projects in the All-Source RFP. Mr. Garavaglia added that as such, the Project is in the public interest and meets AES Indiana’s ongoing obligation to provide adequate and reliable electric service and facilities. Mr. Garavaglia also stated that the Crossvine Project is at a relatively advanced stage of development and permitting, and that the Project has all necessary land lease options in place and the zoning is

approved. He explained the Project also holds executed GIAs with MISO and Petitioner expects to finalize the remaining GIA no later than October 2024, which reduces time and cost risks associated with the MISO queue process to the benefit of Petitioner's customers. As discussed below, Mr. Garavaglia testified the Project is consistent with the Five Pillars of electric utility service. He explained the location of the Project in an energy community will benefit AES Indiana's customers by providing a total investment tax credit ("ITC") of 40% under the Inflation Reduction Act ("IRA") as described by AES Indiana witness Nicholas Miller. He testified that the Crossvine Project also benefits the local community of Dubois County and the state and added that locating a home-grown resource in Indiana is consistent with state policy as it promotes state energy security, grows business development in Indiana, provides income to landowners, and provides local taxes to support local government projects. Mr. Garavaglia concluded the Crossvine Project is reasonable and necessary, and the public interest and convenience will be served by the Project and associated relief being approved as proposed by AES Indiana.

Mr. Garavaglia testified that safe, reliable, affordable and sustainable energy can be a competitive advantage for Indianapolis and Indiana in attracting new investments. He stated that by increasing the availability of renewable energy, Indianapolis will have a stronger competitive advantage in maintaining and growing existing businesses as well as attracting new investment and creating new jobs. He explained that maintaining and growing the business community in the AES Indiana service territory is beneficial because it provides a larger base over which to spread the fixed costs of providing retail electric service. He added that retaining and attracting new customers to the service territory, who are increasingly interested in being served by green energy resources, is an important part of AES Indiana's efforts to keep rates comparatively low.

**E. Best Estimate of Project Cost.** AES Indiana witness Raney discussed the best estimate for the Crossvine Project in detail. Ms. Raney explained how the overall cost estimate for the Project was developed along with its components, including the project acquisition cost, the remaining interconnection cost, construction costs, owner's costs, project contingency, and land leases and property taxes. Witness Raney explained that the total dollar amount of the Project Cost Best Estimate reflected in Petitioner's Ex. 2 Table 2 is the total of all components of the Best Estimate net of the tax equity contribution and noted that the value of the ITC may change following any changes in capital costs, or if Petitioner identifies viable opportunities to increase the ITC rate. She stated that AES Indiana will manage the Project costs based on the total Best Estimate.

Ms. Raney testified that AES Indiana does not anticipate a need for additional investment beyond the Best Estimate of the investment, but added that situations such as force majeure, excused events or AES Indiana-initiated change orders could result in a need for additional investment. She said the costs of any such additional investment in excess of the total reflected in Petitioner's Ex. 2 Attachment MR-2, which will be presented by AES Indiana to the Commission for review and approval prior to recovery through rates.

Ms. Raney testified that the Project Best Estimate is the result of the recent competitive All-Source RFP process and direct negotiation with the developers. She stated the EPC Agreement will also result from a competitive RFP process and negotiation with the two shortlisted bidders. She said bidders to the RFPs were motivated to submit competitive bids to be considered for review and negotiation of an agreement. She concluded that the result of the RFP process should yield

current market conditions and provide a reasonable and reliable cost basis for these components of the Project. She added that the Crossvine Project estimate allocates about 49% to major equipment costs and 51% to EPC costs, based on the total estimated project costs as shown in her confidential workpaper. She said nationally, the average distribution across various regions and markets, from California to New York, is 48% for major equipment and 52% for EPC and said this also indicates that the cost estimate is aligned with average market conditions, current EPC engagement, and sourcing data from major equipment suppliers. Ms. Raney discussed the contractual protections included in the MIPA that limit the potential for project cost increases and expectations regarding the EPC Agreement.

Ms. Raney testified that the Commission should find that AES Indiana has satisfied the requirements in Ind. Code § 8-1-8.5-5(e) or decline to exercise jurisdiction.

**F. Joint Venture Structure, Tax Benefits and CFD.** Mr. Garavaglia discussed AES Indiana's proposed Joint Venture structure. He testified that the Joint Venture structure includes a limited liability company, the Joint Venture, LLC, operating as a partnership that owns ProjectCo, which in turn owns the solar generation and BESS assets. He said the Joint Venture, LLC will be jointly owned by the AES Indiana Sponsor member and one or more TEP members.

Mr. Nicholas Miller further described the structure and timing of AES Indiana's investment in the Crossvine Project, including the tax benefits and Joint Venture structure that will play a role in reducing the overall costs for the benefit of AES Indiana's customers. He explained that the Project is designed to qualify for the 40% ITC and estimated the amount of ITCs expected to be generated from the Project. Mr. Nicholas Miller discussed how AES Indiana evaluated other tax credit options for the Project. He discussed the key agreements to be used to create and operate the Joint Venture.

Mr. Garavaglia explained why a CFD is being used for this transaction, discussing the reasonableness of the pricing for the CFD and explaining when the CFD will be executed. Mr. Nicholas Miller discussed certain tax considerations relevant to the Capacity Agreement and the CFD. Mr. Nicholas Miller also explained the accounting AES Indiana will use for the tax equity financing. Mr. Nicholas Miller explained that Petitioner has taken reasonable steps to address a possible change in tax law and to safeguard the interests of AES Indiana and its customers.

Mr. Garavaglia testified that the project acquisition structure of the Crossvine Project will allow AES Indiana, through its subsidiaries, to own the Crossvine Project and associated interconnection facilities and injection rights. He said owning the interconnection facilities and injection rights associated with the Crossvine Project will provide Petitioner and its customers with optionality and flexibility following the end of the Crossvine Project's useful life, such as continuing to operate the Crossvine Project past its useful life, making capital investments to extend the Crossvine Project's useful life, expanding the resources at the site, or constructing a new project at the site of the Crossvine Project. He added that the project acquisition transition structure allows Petitioner to have direct control over day-to-day decisions and decisions on operating and maintenance expenditures, which also allows future cost savings resulting from lower operation and maintenance expenses to be reflected in the utility's cost of service. Mr. Garavaglia explained that direct control over the Project also creates an opportunity for AES

Indiana to respond to unexpected changes in supply conditions, MISO rules, and regulatory environments.

**G. Accounting and Ratemaking and Declination of Jurisdiction.** Ms. Aliff discussed the accounting and ratemaking for the Crossvine Project, including AES Indiana's request for approval pursuant to Ind. Code § 8-1-2.5-6 of an ARP to facilitate the establishment of the Crossvine Joint Venture structure and the reflection in AES Indiana's net original cost rate base of its investment in the Project. She stated that as discussed by AES Indiana witness Nicholas Miller, AES Indiana will not be the owner of the generating and storage assets that make up the Crossvine Project. Ms. Aliff testified that AES Indiana, through a wholly owned subsidiary, will own a membership interest in Joint Venture, LLC, which in turn will own ProjectCo that owns the solar generation and BESS. She also testified that the Joint Venture structure ultimately reduces the overall cost of the Project for the benefit of AES Indiana customers.

Ms. Aliff explained AES Indiana seeks approval to record its investment in the Crossvine Project as a regulatory asset in Federal Energy Regulatory Commission ("FERC") Account 182.3 and record carrying charges on the regulatory asset balance beginning with AES Indiana's cash investment contribution until such time that the regulatory asset is reflected in customer rates and amortization expense is included in the revenue requirement in a subsequent basic rate case. Ms. Aliff stated Petitioner seeks authority to include the amortization of the Crossvine regulatory asset and carrying charges for timely cost recovery in AES Indiana's annual ECR filings until the regulatory asset is included in rate base in a subsequent rate case. She testified Petitioner also seeks approval to include, in its next basic rate case, the unamortized balance of the regulatory asset in net original cost rate base and in the value of its rate base for purposes of Ind. Code § 8-1-2-6.

She stated that AES Indiana proposes to begin the amortization and recovery of the regulatory asset in AES Indiana's existing annual ECR filings. Ms. Aliff testified that this proposed accounting treatment will reduce the amount of carrying charges accrued to the regulatory asset and the overall balance of the regulatory asset at the time it will be included in rate base in a subsequent rate case and is consistent with the approach approved in *Indianapolis Power & Light Company d/b/a AES Indiana*, Cause No. 45493 S1 (IURC August 16, 2023), which concerned AES Indiana's Hardy Hills CPCN case. She added that timely recovery of the amortization of the project investment regulatory asset is consistent with the timely cost recovery afforded to Clean Energy Projects by Ind. Code § 8-1-8.8-11.

Ms. Aliff explained that AES Indiana will calculate the carrying charges at the lower of the AES Indiana's weighted average cost of capital or allowance for funds used during construction rate. She said these rates will be computed and compared on a quarterly basis and any change will be implemented on a prospective basis. Ms. Aliff explained that to reduce the carrying charges deferred and included in AES Indiana's next rate case, Petitioner proposes that pre-COD and post-COD carrying charges will accrue and be included with the regulatory asset for timely recovery in the existing annual ECR filings. She testified this proposal is consistent with the approach approved in AES Indiana's Hardy Hills Project CPCN case, and Petersburg Energy Center CPCN cases adding that such timely cost recovery is also consistent with Section 42(a).

Ms. Aliff explained that under the proposed Joint Venture structure, AES Indiana can meet its capacity need at a lower cost by maximizing the benefit of the renewable project's ITC. Ms. Aliff testified that the proposed accounting is reasonable and necessary.

Ms. Aliff also stated AES Indiana seeks approval to defer, without carrying charges, approximately \$6.4 million of Project Development Costs as a regulatory asset in FERC Account 182 and approval to include, in its next basic rate case, the regulatory asset AES Indiana has recorded for Project Development Costs in net original cost rate base and in the value of its rate base for purposes of Ind. Code § 8-1-2-6. Ms. Aliff testified that AES Indiana proposes to amortize the regulatory asset over approximately 25 years to coincide with the estimated useful life of the Project. She explained that the amortization would commence at the time the asset is reflected in rate base in AES Indiana's next rate case. She stated the deferral and future recovery of Project Development Costs are consistent with Ind. Code § 8-1-8.8-11, which provides for other financial incentives the commission considers appropriate to encourage Clean Energy Projects.

Ms. Aliff added that if the Crossvine Project is not approved, AES Indiana requests approval to defer, without carrying charges, Project Development Costs incurred prior to the Commission Order, to be included in rate base in AES Indiana's next basic rate case in which Petitioner requests recovery of through amortization expense and a return on as part of rate base.

She explained, the Commission should find that the Joint Venture is not a "public utility." She stated that Joint Venture will own the Crossvine ProjectCo, which will own the facilities and financially contract with AES Indiana through the CFD. She stated Joint Venture will not operate, manage, or control those electric generation facilities. She added that to the extent the Commission disagrees, and the Joint Venture could be deemed a "public utility," AES Indiana requests that Joint Venture, including ProjectCo, become subject to Ind. Code § 8-1-2.5-5, and requests the Commission to decline to exercise its jurisdiction over the Joint Venture, including ProjectCo.

She explained that under the circumstances of this arrangement, the Commission's exercise of jurisdiction of AES Indiana, and the regulation by FERC, render the exercise of jurisdiction by this Commission over Joint Venture, including ProjectCo, as a public utility unnecessary or wasteful. She said declining to exercise jurisdiction will promote energy utility efficiency by avoiding this unnecessary regulation and allowing AES Indiana to invest in economic renewable generation. She testified declining jurisdiction will be beneficial to the Joint Venture, AES Indiana, AES Indiana's customers, and Indiana. Finally, she stated the exercise of the Commission's jurisdiction over the Joint Venture, including ProjectCo as a public utility, would increase the regulation of this entity unnecessarily, and this in turn would burden AES Indiana's implementation of the Project. Accordingly, Ms. Aliff testified that to the extent necessary, the Commission should issue an Order declining to exercise its jurisdiction over Joint Venture, including ProjectCo, as a public utility. She added that Crossvine ProjectCo will become an affiliated interest of AES Indiana and said the Commission should maintain the declination of jurisdiction issued to ProjectCo in the Commission's February 21, 2024, Final Order in Cause No. 45977. She testified that granting this relief is consistent with the Commission's Order in Cause No. 45493 approving AES Indiana's Hardy Hills Project, and Cause Nos. 45591 and 45832 approving the Petersburg Energy Center. Ms. Aliff testified Petitioner's proposals are in the public interest as that term is used in Ind. Code § 8-1-2.5-6(a)(1)(A). She explained that ARP allows AES Indiana to invest in renewable energy in a way that reduces the overall costs of the Project for the

benefit of AES Indiana's customers. She also explained that the Crossvine Project promotes utility efficiency by diversifying AES Indiana's generating portfolio and providing an investment in a generating profile that differs from AES Indiana's existing generation without a direct cost of fuel. Ms. Aliff said the requested ARP serves the public interest by being beneficial to Petitioner, customers, and Indiana. She stated approval of the ARP will allow AES Indiana to move forward with the development of this Indiana-located new solar generation and BESS assets. She said the renewable project benefits customers by providing energy, capacity, and RECs.

Ms. Aliff testified that in addition to being in the public interest, investing in renewable energy and maximizing the tax benefits enhances the value of AES Indiana's retail services for customers. She explained that without the Joint Venture structure, AES Indiana's investment would be much greater due to reduced tax benefits and added that as the managing member of the Joint Venture, AES Indiana's wholly owned subsidiary will have operational control of the renewable energy project. She also said having renewable generation investment in AES Indiana's portfolio used to serve customers at a desirable physical location is an enhancement to AES Indiana's retail electric services and property.

Ms. Aliff addressed the proposed timely cost recovery for CFD between AES Indiana and ProjectCo. She testified that AES Indiana requests the Commission authorize AES Indiana to recover the CFD costs net of credits from retail customers via a rate adjustment mechanism in accordance with Ind. Code § 8-1-8.8-11. She explained that AES Indiana proposes that the timely recovery of the contract costs and credits be administered in conjunction with its quarterly FAC proceedings. She stated AES Indiana proposes the timely cost recovery be accomplished by treating the cost of the CFD as a cost to be recovered in a fashion similar to the FAC mechanism, where the cost is recovered based on the forecasted cost for a particular quarter subject to reconciliation in a subsequent quarter.

Ms. Aliff explained that although AES Indiana proposes to recover certain costs through its FAC, this cost recovery would not be subject to the Section 42(d)(1) test or any FAC benchmarks, including the benchmark approved by the Commission in Cause No. 43414. She stated this proposal is consistent with the recovery mechanism approved in Cause Nos. 45493 for AES Indiana's Hardy Hills Project and 45591 for the Petersburg Energy Center. Ms. Aliff testified that administering this cost recovery via the FAC proceedings would allow it to be folded into an existing docket rather than the creation of new dockets.

Ms. Aliff also explained that as the Joint Venture accumulates distributable cash, it may make cash distributions to its owners and because a wholly owned AES Indiana subsidiary will be the sponsor of the Joint Venture, LLC, AES Indiana will receive its ownership share of those distributions. She stated AES Indiana proposes to record cash distributions to benefit AES Indiana customers and added that AES Indiana proposes to flow funds distributed to AES Indiana from the Joint Venture to AES Indiana customers in a timely manner administered through AES Indiana's FAC in a similar method as the cash flows for the CFD.

Ms. Aliff presented the estimated customer bill impact of Petitioner's requested accounting treatment for the Crossvine Project.

Ms. Aliff also testified that AES Indiana's proposed financial incentive satisfies Indiana House Enrolled Act 1421.

**H. The Five Pillars.** Mr. Garavaglia discussed the Five Pillars as defined in Ind. Code § 8-1-2-0.6 and explained that AES Indiana considered the Five Pillars in the development of AES Indiana's IRP and in the development of the Crossvine Project. AES Indiana witness Erik Miller elaborated on Petitioner's consideration of the Five Pillars in the development of the IRP.

Mr. Garavaglia testified that in the context of a CPCN, the way in which affordability and customer rate impact are considered is through the economic analysis of projects as compared to alternatives by analyzing the economics of projects through the IRP, through the issuance of all source RFPs, and in the selection of projects for which to request a CPCN. Petitioner witness Garavaglia and Erik Miller testified that AES Indiana's 2022 IRP and 2024 IRP Update demonstrated the preferred resource portfolio and Short-Term Action Plan should include additional BESS and hybrid resources and added that the analysis demonstrates that the 2022 IRP Preferred Resource Portfolio remains the reasonable least cost IRP portfolio for AES Indiana customers in both 10- and 20-year PVRR cases.

Mr. Garavaglia testified that the Crossvine Project Best Estimate was the result of a competitive RFP process, as discussed by AES Indiana witness Raney and a rigorous economic analysis (referred to as the Ranking Analysis). He explained that this analysis shows the Crossvine Project helps meet AES Indiana's need for winter capacity with the lowest PVRR of the viable and deliverable projects and the lowest PVRR/MW UCAP of the hybrid projects in the All-Source RFP. He stated that the federal ITC and project structure reduce the cost of the Project for the benefit of customers and stated that the addition of this Project to AES Indiana's resource portfolio protects customers from fuel price fluctuations, and changes in regulatory practices that can drive up the cost of a particular fuel.

AES Indiana witness Aliff showed the estimated bill impact of the Project on customers is reasonable. She stated the estimated monthly bill impact of the Crossvine Project for a residential customer using 1,000 kWh each month is an approximate \$2.29 or 1.7% increase over current base rates. She testified AES Indiana's proposed cost recovery through the ECR filing utilizes the Commission-approved customer allocation factors from AES Indiana's most recent approved rate case (Cause No. 45911) and added that inclusion of the CFD in the FAC proceedings allows for recovery across all classes through a per MWh charge or credit. She said as such, Petitioner's proposals result in rates for retail electric utility service that are competitive across residential, commercial, and industrial customer classes. Ms. Aliff presented an analysis showing that with the bill impact from the Crossvine Project added, AES Indiana would still have the second lowest residential customer bill for 1,000 kWh amongst the Indiana Investor-Owned Utilities.

Mr. Garavaglia testified that the Crossvine Project is consistent with the Reliability and Resiliency Pillars as the BESS component of the Project will provide Petitioner with an additional dispatchable resource located in Indiana to meet customers' needs and will help AES Indiana meet its winter capacity needs. He stated that Project is further consistent with the Resiliency Pillar as it will diversify AES Indiana's resource portfolio. He added that the Crossvine Project is consistent with the Stability Pillar as it will be capable of providing vital ancillary services to the grid.

Petitioner witness Erik Miller further discussed the reliability, resiliency, and stability benefits associated with the Project, including the assessment of these factors as part of Petitioner's IRP. Mr. Garavaglia and Mr. Erik Miller testified that solar energy is a clean and sustainable resource and battery energy storage facilitates the use of solar and wind resources.

Mr. Garavaglia explained that the addition of the Crossvine Project is consistent with the findings of the Indiana 21st Century Energy Policy Development Task Force's 2022 Final Report. He concluded that it is Petitioner's reasonable judgment that the Crossvine Project is a reasonable, least cost choice to fill AES Indiana's capacity need and is consistent with the Five Pillars of electric utility service.

**I. Ongoing Review.** Ms. Aliff testified that AES Indiana proposes that the Commission maintain an ongoing review of the construction of the Project as it proceeds. She stated AES Indiana proposes to submit semi-annual progress reports to the Commission during construction, including any revisions to the cost estimates for the Project cost (subject to protection of confidential information). She said the final Project report will contain the following information: (a) the actual total cost of construction; (b) the total MW output for the Project; and (c) the actual in-service COD for the Project. She testified AES Indiana will also file the executed EPC Agreement, CFD, and the Joint Venture, LLCA, and TEP MIPA (subject to protection of confidential information). She stated AES Indiana proposes to file these reports in this docket. She said Petitioner proposes to start filing these reports 90 days after a Commission decision in this proceeding approving the Project and will file semiannually thereafter. She added that should circumstances arise that in AES Indiana's opinion warrant a Commission decision, Petitioner reserves the right to file a petition seeking such relief.

**7. OUCC's Evidence.** OUCC witness Baker described the Crossvine Project and agreed with AES Indiana witness Aliff's assessment that AES Indiana's request that the Commission decline jurisdiction over the Joint Venture is consistent with previous Commission orders in Cause Nos. 45493 and 45591. She provided recommendations regarding the tax credits for the Project, the accounting and ratemaking treatment of AES Indiana's investment in the Project, the bill impact, and ongoing reporting. She testified that she does not oppose AES Indiana's overall request, contingent upon Commission approval of OUCC witness Sanka's recommendations.

Ms. Baker also described the ITC and production tax credits ("PTC") and discussed the estimated value of the ITC and PTC for the Crossvine Project. She stated that AES Indiana believes the ITC is the best option for the Crossvine Project. She testified that she reviewed the calculations presented by AES Indiana and saw no issues with AES Indiana's decision to use the ITC instead of the PTC. Ms. Baker stated that based on AES Indiana witness Nicholas Miller's testimony, AES Indiana's ITC and PTC calculations show the ITC provides additional tax credits compared to the PTC. Ms. Baker added that the use of an ITC for the Project is consistent with past AES Indiana proceedings approved by the Commission in Cause Nos. 45493 and 45832.

Ms. Baker also addressed AES Indiana's requested accounting and ratemaking authority for the Crossvine Project. She testified that she has no issues with the requested use of the CFD and the treatment of AES Indiana's investments and added that its proposals are consistent with what was proposed and approved by the Commission in Cause Nos. 45591 and 45920. Ms. Baker

concluded by stating that she does not oppose AES Indiana's overall request, contingent upon Commission approval of OUCG witness Sanka's recommendation.

OUCG witness Sanka testified that the OUCG does not oppose AES Indiana's acquisition and development of the Crossvine Project based on AES Indiana's best estimate and its technical specifications, but recommended the Commission require additional Project reporting beyond what AES Indiana proposed, including updates on construction milestones, revised cost estimates, schedule adjustments, and any changes in suppliers or technology as the Project progresses. Additionally, she stated updates on decommissioning plans and cost estimates should be included. Ms. Sanka provided an overview of the Project and discussed her evaluation of AES Indiana's cost estimate for the Project. Ms. Sanka testified that the cost estimates of the BESS are in line with industry data, and do not raise any concerns at this time. Ms. Sanka confirmed the cost of the solar modules from National Renewable Energy Laboratory ("NREL") benchmarks and testified that the solar module value aligns with the U.S. average modules price value taken from NREL. Ms. Sanka stated that she has no concerns with the total installed cost of the solar facility and explained that the installed cost estimate falls within a reasonable range for completed Projects over the last few years prior to 2023.

Ms. Sanka testified that AES Indiana did not include augmentation costs in its best estimate of the Project costs and added that the Project model includes costs allocated for battery augmentation services over its service life. She also stated that decommissioning costs net of salvage value were factored into the PVRG model for the Crossvine Project but were not included in the best estimate. Ms. Sanka added that a more precise estimate of the decommissioning costs will only be available after the completion of a detailed decommissioning study. She explained that AES Indiana intends to include the Crossvine Project in a future demolition study and will address the Crossvine Project in ongoing ECR proceedings.

Ms. Sanka testified that she did not have any concerns regarding AES Indiana's best estimate at this time. She recommended the Commission require the additional reporting identified in her testimony and stated that the contingency and owner's cost percentages of the total best estimate are less than percentages of the best estimates in the Pike County Energy Storage/BESS Project and other similar projects, and stated that AES Indiana's best estimate is within industry standards for contingency and owner's cost.

Ms. Sanka also discussed the Five Pillars, agreeing with AES Indiana's evaluation that the Project can effectively address the reliability, resiliency, and stability aspects of the Five Pillars.

Ms. Sanka discussed AES Indiana's IRP, including the Short-Term Action Plan and the 2024 IRP Update. She explained that the Crossvine Project, together with the Pike County Battery Energy Storage Project approved in Cause No. 45920, would provide 285 MW of battery storage, which is within the amount of storage selected by AES Indiana's 2024 IRP Update. She also testified that while the Crossvine Project would add 85 MW more of solar capacity than was called for in either the 2022 IRP or 2024 IRP Update, the Crossvine Project's primary benefit will be as a capacity resource. She added that AES Indiana identified cost savings relative to constructing battery capacity and solar capacity separately.

Ms. Sanka described AES Indiana's proposed reporting requirements as presented by Petitioner witness Aliff, stating she did not have concerns with such requirements at this time. Ms. Sanka recommended that AES Indiana be required to provide additional specific information beyond its proposed ongoing reporting, including: (i) a report when Project construction commences under the joint venture entity, and subsequent semi-annual progress reports on the status of construction; (ii) a final report when the Project is in commercial operation, including an assessment of expected performance versus final performance of the BESS and solar installation to include ICAP, MISO accredited capacity, and review of complications; (iii) an annual report of the degradation of the BESS over time; and (iv) cost forecasting, including estimated costs for future augmentation, considering the replacement or addition of battery capacity and any necessary changes to the power conversion system.

Ms. Sanka concluded by stating that she does not oppose AES Indiana's acquisition and development of the Crossvine Project based on AES Indiana's best estimate for the Crossvine Project and its technical specifications. She also recommended additional reporting requirements.

**8. Petitioner's Rebuttal.** Mr. Sherwood responded to the OUCC's additional recommended reporting requirements, explaining that while Ms. Sanka's recommendations raise a few concerns, to mitigate controversy under the circumstance of this proceeding, AES Indiana is amenable to accepting the OUCC reporting requirements as clarified and modified.

Mr. Sherwood explained that AES Indiana is already subject to numerous reporting requirements, and therefore, new requirements that overlap existing reporting requirements are unnecessarily burdensome. Mr. Sherwood stated that any additional requirements should be clear, address the purpose of the pending proceeding, conclude within a reasonable period, and any information reported should be subject to the protection of confidential information. In addition, Mr. Sherwood testified the value of any additional reporting requirements should balance the cost to Petitioner of compiling the information and the associated need for the Commission to devote resources to review the reported information.

Mr. Sherwood addressed the four categories of reporting requirements recommended by Ms. Sanka. Mr. Sherwood stated that AES Indiana agreed to the first category of reporting with the clarification that AES Indiana proposes the initial report be filed within 90 days after a Commission order approving the relief sought by AES Indiana in this proceeding. With respect to the second category of reporting, Mr. Sherwood testified that AES Indiana proposed to submit a final report when the Project has reached COD, containing the results of the capacity test and performance test, in which the final performance and capacity values are compared to expected values under the construction agreement, as well as the relevant class average information. With respect to the third category of reporting, Mr. Sherwood explained that Ms. Sanka's proposal on BESS degradation reporting, which would impose requirements indefinitely beyond the COD and which would duplicate other ongoing reporting, should not be adopted. He said the impact of degradation and augmentation events on the capacity value of the BESS will be reflected in the annual report that AES Indiana is required to file with the Commission pursuant to Ind. Code § 8-1-8.5-13(l). With respect to the fourth category of reporting, Mr. Sherwood explained that Ms. Sanka's final category of reporting on BESS augmentation should be clarified and modified. He testified that to mitigate controversy, AES Indiana proposes to include the estimated costs for future augmentation in the final report required under Category 2. He added that one year before

the first expected augmentation event, Petitioner will provide an update on the augmentation which will include the forecasted augmentation costs. He said that one year after the first augmentation, AES Indiana will provide an update which will state the actual costs of the first augmentation of the BESS.

Mr. Sherwood testified that all reporting and updates will be subject to the protection of confidential information and that unless directed otherwise by the Commission, each report would be submitted as a compliance filing under this docket subject to the protection of confidential information. He added that the proposed modifications in his rebuttal will reasonably balance the value of the reports with the cost of complying with the reporting requirement. Mr. Sherwood proposed that the timing of the reports and updates align with the timing of the ongoing reporting proposed in witness Aliff's direct testimony.

Mr. Sherwood summarized that AES Indiana proposes the OUCC's proposed semi-annual reporting requirements be reduced to three categories (Category 1, Category 2, and Category 4) as modified and summarized below:

**Category 1:** AES Indiana will file a report on the status of the construction, including those items listed in Petitioner's Ex. 7 at 11. The initial report will be filed within 90 days after a Commission order approving the relief sought by AES Indiana in this proceeding. Subsequent reports will be filed semi-annually until the final report is filed.

**Category 2:** AES Indiana will file a final report when the Project has reached its COD. This report will contain the results of the capacity test and performance test, in which the final performance and capacity values are compared to expected values under the construction agreement. The report will also provide the relevant class average information.

**Category 4:** Augmentation Cost: AES Indiana will include estimated costs for future augmentation with the final report required under Category 2. One year before the first expected augmentation event, Petitioner will also provide an update on the augmentation which will include the forecasted augmentation costs. One year after the first augmentation, AES Indiana will provide an update which will state the actual costs of the first augmentation of the BESS.

Finally, Mr. Sherwood explained that AES Indiana has accepted the OUCC's reporting requirements as modified above to mitigate controversy. He said the Project construction will commence after a Commission decision approving the relief sought by Petitioner and recommended the Commission approve the Project and associated accounting and ratemaking relief sought by AES Indiana together with the modified reporting requirements presented above. He added that while the statutory deadline for a decision in this proceeding is April 30, 2025, an earlier decision would benefit the Project by allowing the construction to commence sooner.

**9. OUCC's Hearing Testimony.** Ms. Sanka testified at the evidentiary hearing that the OUCC had reviewed AES Indiana's proposed reporting requirement modifications set forth in Mr. Sherwood's rebuttal testimony and stated the proposed modifications to her proposed reporting requirements are acceptable to the OUCC.

**10. Commission Discussion and Findings.**

**A. CPCN.** Ind. Code § 8-1-8.5-5 sets forth the criteria for approval of a utility-specific generation proposal. The Commission must consider the items set forth in Ind. Code § 8-1-8.5-4 and must make a finding as to the best estimate of cost of the project based on evidence of record, whether the proposal is consistent with our statewide analysis or a utility-specific proposal, and whether the public convenience and necessity requires a proposed project. In addition, the Commission must make findings pursuant to Ind. Code § 8-1-8.5-5(e). We address these statutory requirements below.

**i. Best Cost Estimate.** AES Indiana witness Raney presented AES Indiana's best estimate for the cost of the Crossvine Project. The amount is confidential and set forth in Petitioner's Ex. 2C, Table 2. OUCC witness Sanka testified that she is satisfied with Petitioner's BESS cost estimate and added that she had no concerns with the total installed cost of the solar facility and BESS. She concluded that she has no concerns with AES Indiana's best estimate at this time.

AES Indiana committed to keep the Commission apprised of AES Indiana Sponsor's plans regarding the exercise of the option to purchase the TEP share of the Joint Venture as the time nears and will request Commission approval and cost recovery as necessary or appropriate in a separately docketed proceeding.

Ms. Raney testified that the Project best estimate is the result of the recent competitive All-Source RFP process and direct negotiation with the developers. The EPC Agreement will also result from a competitive RFP process and negotiation with the two shortlisted bidders. She explained that bidders to the RFPs were motivated to submit competitive bids to be considered for review and negotiation of an agreement. Therefore, the result of the RFP process should yield current market conditions and provide a reasonable and reliable cost basis for these components of the Project. AES Witness Fields stated the cost estimates are an estimate of interconnection costs based on information from MISO as of the date of the filing of the case-in-chief. AES Indiana witness Nicholas Miller explained the basis for the estimated TEP contribution.

Based upon the evidence of record, the Commission finds that AES Indiana has provided the best estimate of the cost of the Crossvine Project. To the extent that actual costs exceed Petitioner's cost estimate, Petitioner must seek a modification of this CPCN before seeking to recover any increase in costs.

ii. **Ind. Code § 8-1-8.5-5(e)**. Ind. Code § 8-1-8.5-5(e) provides that, for a project with a generating capacity of more than 80 MW, the Commission must find that the estimated costs of the proposed facility are, to the extent commercially practicable, the result of competitively bid engineering, procurement, or construction contracts, as applicable. The purpose of this section is to confirm the reasonableness and reliability of the cost estimates that form the basis for the Commission's best estimate finding; and to assure that the actual costs that are incurred are, to the extent commercially practicable, based on competitive procurement.

The need for the hybrid solar plus storage project for which AES Indiana seeks approval in this filing was originally identified in AES Indiana's 2022 IRP. AES Indiana issued an All-Source RFP in December 2023. The EPC Agreement will also result from a competitive RFP process and negotiation with the two shortlisted bidders. Thus, the estimated cost of the Project reasonably stems from competitive bidding.

We find that the estimated cost of the Crossvine Project is reasonable because it is the product of the competitive bidding process, a negotiated and executed MIPA, and an EPC cost that also stems from a competitive bidding process. Thus, we also find that the requirements of Ind. Code § 8-1-8.5-5(e) have been reasonably satisfied. Further exercise of these requirements would be unnecessary or wasteful, and our declination to exercise those requirements is beneficial to AES Indiana and its customers and will promote energy utility efficiency. Accordingly, pursuant to Ind. Code § 8-1-2.5-5, the Commission declines to further exercise jurisdiction under this section of the statute.

iii. **Consistency with AES Indiana's Utility-Specific Proposal**. Ind. Code § 8-1-8.5-5(b)(2) requires that the proposed construction, purchase, or lease of a facility for the generation of electricity be consistent with either the Commission's analysis for expansion of electric generating capacity or with a utility-specific proposal that we approve.

The record reflects that the study period for AES Indiana's 2022 IRP was 2023-2042, giving due consideration to various options, potential risks, and stakeholder input. Additionally, in 2024, AES Indiana updated the 2022 IRP with current planning assumptions. Based on extensive IRP modeling AES Indiana determined that proceeding with the hybrid resource Crossvine Project with 85 MW ICAP of solar resources and 85 ICAP MW/4 hours of BESS resources is a reasonable, least cost option to meet the Company's resource needs, including the need for additional capacity during winter.

Mr. Erik Miller testified that generally, AES Indiana's plan to proceed with the Crossvine Project aligns with the SUFG Base projections.

Based upon the evidence presented, the Commission finds that AES Indiana has shown a need for the requested Crossvine Project. We further find AES Indiana's decision to proceed with the Project is a reasonable, least cost option to meet AES Indiana's need for additional capacity. The Project will provide reliable and dispatchable capacity under MISO's seasonal resource adequacy construct. AES Indiana's 2022 IRP, 2024 IRP Update, and the testimony of Mr. Erik Miller address each of the items set forth in Ind. Code § 8-1-8.5-4, which we considered as required by statute. As such, we find that the Crossvine Project is consistent with AES Indiana's 2022 IRP.

iv. **Public Convenience and Necessity.** Ind. Code § 8-1-8.5-5(b)(3) requires that we find that public convenience and necessity requires or will require the proposed Crossvine Project. As discussed above, AES Indiana identified a need for additional capacity. AES Indiana’s analysis, sponsored by Mr. Garavaglia and Mr. Erik Miller, shows the development of the Crossvine Project represents a reasonable, least-cost option for AES Indiana to utilize in meeting its ongoing obligation to provide adequate and reliable electric service and facilities. Since the Project is a renewable solar energy and storage resource, it will further diversify AES Indiana’s resource mix and benefit the environment by providing a new source of clean energy located in Indiana.

As shown by AES Indiana witness Erik Miller and AES Indiana’s 2022 IRP and 2024 IRP Update, AES Indiana considered alternative options using sound load forecasting and resource planning processes.

Mr. Miller’s testimony showed the development of the Crossvine Project is consistent with the 2022 IRP Short Term Action Plan and 2024 IRP Update. The Project has the lowest PVRR of the viable and deliverable projects and the lowest PVRR/MW winter UCAP of the hybrid projects in the All-Source RFP and meets AES Indiana’s ongoing obligation to provide adequate and reliable electric service and facilities. Additionally, as discussed by AES Indiana witness Raney, the Crossvine Project is at a relatively advanced stage of development and permitting. As discussed further by AES Indiana witness Fields, the Project also holds executed GIAs with MISO.

The Project is the product of a competitive resource solicitation. The proposed Joint Venture with a TEP enables the effective use of the ITC to reduce the overall cost of the Project for the benefit of AES Indiana’s customers. The location of the Project in an energy community will benefit AES Indiana’s customers by providing an ITC of 40% under the IRA as described by AES Indiana witness Nicholas Miller.

Based on the evidence presented, we find that the Crossvine Project is a reasonable and necessary addition to AES Indiana’s portfolio of generating resources necessary to meet the need for electricity within AES Indiana’s service area, while also mitigating risk through the diversification and use of an economic mix of capacity resources that preserves flexibility. We further find that public convenience and necessity requires the proposed Crossvine Project.

v. **GAO 2022-01.** GAO 2022-01 provides guidance on certain regional transmission organization-related information a utility should submit in certain proceedings. AES Indiana compiled the information required by GAO 2022-01 in Petitioner’s Ex. 9, Attachment MF-1.

vi. **CPCN Conclusion.** Based upon the evidence presented, the Commission finds that AES Indiana has met the requirements of Ind. Code § 8-1-8.5-5. A CPCN for AES Indiana’s development and acquisition of the Crossvine Project through the MIPA, EPC Agreement, and Joint Venture as described in AES Indiana’s testimony is approved.

**vii. Ongoing Review.** AES Indiana has requested the Commission maintain an ongoing review of the construction of the Project. As part of the ongoing review process, AES Indiana proposed to submit semi-annual progress reports to the Commission during construction, including any revisions to the estimates for the Project cost (subject to protection of confidential information). The final Project report will contain the following information: (a) the actual total cost of construction; (b) the total output for the Project; and (c) the actual in-service COD for the Project. AES Indiana will also file the executed EPC Agreement, CFD, and the Joint Venture, LLCA, and TEP MIPA (subject to protection of confidential information).

In response to the concerns raised by OUCC witness Sanka, AES Indiana also agreed to the following additional reporting requirements:

1. AES Indiana will file a report on the status of the construction, including those items listed below. The initial report will be filed within 90 days after the date of this Order. Subsequent reports will be filed semi-annually until the final report is filed.
  - a. Progress in securing Joint Venture TEP(s), TEP rate of return requirements, flip point expectations and CFD;
  - b. Revisions to the cost estimates;
  - c. Milestone status including major supplier/contractor agreements, and interconnection and CODs;
  - d. Safety reports, including local first responder training;
  - e. Any major supply chain impacts or risks; and
  - f. Status of MISO interconnection agreement execution and completion of transmission upgrades.
2. AES Indiana will file a final report when the Project has reached its COD. This report will contain the results of the capacity test and performance test, in which the final performance and capacity values are compared to expected values under the construction agreement. The report will also include the relevant class average information.
3. AES Indiana will include estimated costs for future augmentation with the final report required under Category 2. One year before the first expected augmentation event, Petitioner will also provide an update on the augmentation which will include the forecasted augmentation costs. One year after the first augmentation, Petitioner will provide an update which will state the actual costs of the first augmentation of the BESS.

Ms. Sanka testified that the foregoing proposal is acceptable to the OUCC. Therefore, under the circumstances of this proceeding, the Commission finds that AES Indiana's proposed ongoing review, including the OUCC's proposed additional reporting as modified by Mr. Sherwood's rebuttal reasonably resolves the concerns raised by the OUCC. Petitioner proposes to file these reports in this docket. AES Indiana proposes to start filing these reports 90 days after a Commission decision in this proceeding approving the Project and will file semi-annually thereafter as stated above.

We find the proposed ongoing review and reporting is reasonable, and, therefore, it is approved.

**B. Clean Energy Project and Financial Incentives.** Ind. Code § 8-1-8.8-11 provides that “[a]n eligible business must file an application to the commission for approval of a clean energy project” and that “[t]he commission shall encourage clean energy projects by creating financial incentives for clean energy projects, if the projects are found to be reasonable and necessary[.]” An “eligible business” is an energy utility that “undertakes a project to develop alternative energy sources, including renewable energy projects[.]” Ind. Code § 8-1-8.8-6(3). We have found that AES Indiana is an “energy utility.” A “clean energy project” includes “[p]rojects to develop alternative energy sources, including renewable energy projects[.]” Ind. Code § 8-1-8.8-2(2). “Solar energy” and “energy storage systems or technologies” are identified as clean energy resources in Ind. Code § 8-1-37-4(a)(2) and (a)(10), thus making them “renewable energy resources” under Ind. Code § 8-1-8.8-10. Through the Joint Venture and the associated CFD, AES Indiana is undertaking a project to develop a solar energy resource and an energy storage system and so is eligible for the relief provided in Ind. Code § 8-1-8.8-11.

In addition to timely cost recovery as described by AES Indiana witness Aliff, and approval to develop the Crossvine Project in accordance with the MIPA and EPC Agreement as described by AES Indiana witness Raney, AES Indiana seeks approval of the Joint Venture, as described by AES Indiana witnesses Garavaglia, Raney and Nicholas Miller, which will ultimately own the ProjectCo that owns the Crossvine facility. As discussed by Ms. Aliff, AES Indiana asks the Commission to approve associated accounting and ratemaking, including authorizations necessary to facilitate the Joint Venture structure, recovery of Project Development Costs, and timely ratemaking for the CFD to be administered in conjunction with AES Indiana’s ongoing FAC proceedings. AES Indiana seeks approval to record its investment as a regulatory asset in FERC Account No. 182.3 and to begin to amortize its investment once the regulatory asset is reflected in customer rates in AES Indiana’s next basic rate case. AES Indiana seeks authority to record carrying charges on the regulatory asset balance until the regulatory asset is reflected in customer rates. AES Indiana further seeks approval to include, in its next basic rate case, the balance of the regulatory asset in net original cost rate base and in the value of its rate base for purposes of Ind. Code § 8-1-2-6. In order to reduce the carrying charges deferred until AES Indiana’s next rate case, AES Indiana proposes that pre-COD and post-COD carrying charges will accrue and be included for full timely recovery in AES Indiana’s existing annual ECR rider filings. AES Indiana also seeks to defer its Project Development Costs as a regulatory asset in FERC Account 182.3 and will begin to amortize the regulatory asset once it is reflected in customer rates in AES Indiana’s next basic rate case. AES Indiana does not request carrying charges on the Project Development Costs and seeks to include, in its next basic rate case, the balance of the regulatory asset AES Indiana has recorded for these costs in net original cost rate base and in the value of its rate base for purposes of Ind. Code § 8-1-2-6.

AES Indiana has a demonstrated need for additional resources. The evidence demonstrates that the acquisition of the Crossvine Project is consistent with AES Indiana’s 2022 IRP Preferred Resource Portfolio and Short-Term Action Plan and the 2024 IRP Update. The proposed Joint Venture also enables effective use of the ITC to reduce the cost of the Project.

AES Indiana's proposal in this Cause preserves optionality and flexibility and is also consistent with the Commission's findings in *S. Ind. Gas & Elec. Co.*, Cause No. 45052, 2019 WL 6770066 (IURC April 24, 2019). We find the Crossvine Project is a clean energy project under Ind. Code § 8-1-8.8-11, and AES Indiana's requested acquisition and development of the Project through the MIPA, EPC Agreement, and the Joint Venture structure and the associated CFD are reasonable and necessary and should be approved. We also approve AES Indiana's requested financial incentives presented by Ms. Aliff.

We also find that recovery of the CFD costs through a rate adjustment mechanism under Ind Code. §§ 8-1-8.8-11 and 8-1-2-42(a) should be administered through AES Indiana's FAC proceeding (or successor mechanism), which is consistent with prior Commission approvals of solar and wind projects under Ind. Code ch. 8-1-8.8. Based upon the evidence presented and consistent with prior Commission Orders in similar proceedings, we find that AES Indiana's recovery of its CFD costs should not be subject to the Section 42(d) tests or any other FAC benchmarks. These requirements do not apply to rate adjustment mechanisms authorized under Sections 11 and 42(a). We have provided for the administration of this mechanism through the FAC filings because doing so is administratively efficient and consistent with Commission practice. We also find that attempting to apply the requirements set forth in Ind. Code § 8-1-2-42(d)(1)-(4) to this cost recovery would be wasteful and our declining to apply those requirements will be beneficial to AES Indiana and its customers and will promote energy utility efficiency.

**C. Proposed ARP.** AES Indiana seeks relief under Ind. Code § 8-1-2.5-6 to support the Joint Venture structure and proposed cost recovery. The Joint Venture structure ultimately reduces the overall cost of the Project for the benefit of AES Indiana's customers. Under this structure, AES Indiana, through a wholly owned subsidiary, will own a membership interest in the Joint Venture, which in turn will own the ProjectCo that owns the assets.

Since AES Indiana is not the direct owner for the Crossvine Project, the generating assets would not reside in AES Indiana's Utility Plant in Service balance to be included in rate base in subsequent rate cases, and AES Indiana would not record depreciation expense on its Income Statement. Similarly, the Project Development Costs are not able to be capitalized because AES Indiana is not the direct owner of the asset.

As discussed above, AES Indiana seeks approval to record its investment in the Crossvine Project and its Project Development Costs as regulatory assets in FERC Account 182.3. AES Indiana proposes to record carrying charges on the regulatory asset that reflects the investment in the Crossvine Project. As explained by Ms. Aliff, both regulatory assets will be included in AES Indiana's rate base in its subsequent basic rate cases to allow AES Indiana to reflect a return of and return on the investment in the revenue requirement. AES Indiana seeks authority to recover carrying charges on the regulatory asset in its annual ECR filings to reduce the amount of carrying charges that would otherwise accrue on the investment. The request to record regulatory assets for these costs allows AES Indiana to recover the costs associated with making the investment and is consistent with Ind. Code § 8-1-8.8-11, which provides for "other financial incentives the commission considers appropriate" to encourage Clean Energy Projects. If the requirements of Ind. Code § 8-1-2-6 would deny AES Indiana the opportunity to earn a return on its Crossvine Project investments, the investment required by AES Indiana would be much greater due to

reduced tax benefits. We find this result would be wasteful and is unnecessary. Ind. Code § 8-1-2.5-5(b).

Ind. Code § 8-1-2.5-6 authorizes the adoption of alternative regulatory practices, procedures, and mechanisms found by the Commission to be in the public interest and to enhance or maintain the value of the energy utility's retail energy services or property. As explained above, the proposed accounting and ratemaking allows AES Indiana to invest in renewable energy in a way that reduces overall costs of the Project for the benefit of its customers. As the managing member of the Joint Venture, the AES Indiana Sponsor will have operational control of the Project. Having renewable generation investment in AES Indiana's portfolio at a desirable physical location is an enhancement of AES Indiana's retail electric services and property. By reducing the overall cost of the investment while recognizing AES Indiana's need to earn a return of and on its investments, the ARP promotes energy utility efficiency. Commission approval of the ARP will be beneficial to AES Indiana, its customers, and Indiana. The Crossvine Project also benefits customers by providing energy, capacity, and RECs, which can be utilized to serve customers or monetize to lower the overall cost of the Project to customers. The Crossvine Project also promotes utility efficiency by further diversifying AES Indiana's generation portfolio with the addition of a solar generation facility and energy storage system.

After considering the factors set forth in Ind. Code § 8-1-2.5-5 and -6, we find the Joint Venture structure and each element of the requested ARP as proposed by AES Indiana are in the public interest. Approval of the ARP, including the Joint Venture structure and AES Indiana's proposed cost recovery plan, advances the development of the Project. The Commission finds the Project's ownership structure as well as the requested accounting and ratemaking treatment reasonably facilitates AES Indiana's ability to carry out its 2022 IRP Preferred Resource Portfolio, Short-Term Action Plan, and 2024 IRP Update while mitigating the ratemaking impact on AES Indiana's customers. Thus, we further find the ARP proposed by AES Indiana is in the public interest and should be approved.

**D. Jurisdiction over Joint Venture and ProjectCo.** Since the Joint Venture will not be the title owner of the Crossvine Project, the Joint Venture will not own electric generation facilities that provide electricity. As such, Joint Venture is not a "public utility." ProjectCo, which the Joint Venture will own, is the MISO market participant and will sell all the energy from the Crossvine facility into the MISO market subject to FERC regulation. The circumstances of this arrangement, the Commission's exercise of jurisdiction over AES Indiana, and regulation by FERC render the exercise of jurisdiction by this Commission over Joint Venture, including ProjectCo, as a public utility unnecessary or wasteful. Declining to exercise jurisdiction will promote energy utility efficiency by avoiding unnecessary regulation and allowing AES Indiana to invest in economic renewable generation. Declining to exercise jurisdiction will be beneficial to the Joint Venture, AES Indiana, its customers, and Indiana. Finally, the exercise of the Commission's jurisdiction over ProjectCo as a public utility would increase the regulation of this entity unnecessarily, and this in turn would burden AES Indiana's implementation of the Crossvine Project. For these reasons, the Commission declines to exercise its jurisdiction over Joint Venture including ProjectCo, as a public utility. The Commission further finds that the declination of jurisdiction should be maintained once Crossvine ProjectCo becomes an affiliated interest of AES Indiana. Once Crossvine ProjectCo becomes an affiliated interest of AES Indiana,

the parties' agreements will be subject to the requirements of Ind. Code § 8-1-2-49(2) and the Commission's General Administrative Order 2016-5.

**E. Five Pillars.** Ind. Code § 8-1-2-0.6 provides that it is the continuing policy of Indiana that decisions concerning Indiana's electric generation resource mix, energy infrastructure, and electric service ratemaking constructs must consider the Five Pillars: reliability, affordability, resiliency, stability, and environmental sustainability.

As discussed by AES Indiana's witnesses, the objectives and metrics AES Indiana used during the IRP process to determine its Preferred Portfolio were integrated with the Five Pillars. Through the IRP process and the analyses performed for this CPCN proceeding, AES Indiana has demonstrated that the Crossvine Project reasonably considers and balances the Five Pillars. The proposed Crossvine Project minimizes the cost of providing service and reasonably mitigates risk as discussed in AES Indiana's direct testimony. The BESS component of the Project will provide Petitioner with an additional dispatchable resource located in Indiana to meet customer demands and will help AES Indiana fulfill its winter capacity needs. The Crossvine Project will provide resiliency as it will diversify AES Indiana's resource portfolio. The Crossvine Project will provide stability as it will be capable of providing ancillary services to the grid. The environmental sustainability pillar will be satisfied because solar energy is a clean and sustainable resource and battery energy storage facilitates the use of solar and wind resources. The Commission has considered the Five Pillars enumerated in Ind. Code § 8-1-2-0.6 in reaching its decision in this proceeding. The Commission finds the proposed Crossvine Project consistent with the legislative directives.

**F. Conclusion.** We find the evidence presented in this proceeding supports approval of the Crossvine Project, including the MIPA, EPC Agreement, Joint Venture structure, CFD, and proposed method of cost recovery. The Crossvine Project provides needed capacity, diversifies AES Indiana's supply portfolio, provides environmental benefits, and safeguards against fuel cost volatility. We further find the CFD costs should be recovered through a rate adjustment mechanism to be administered through AES Indiana's FAC filings as proposed by Ms. Aliff. We also find that a CPCN should be issued for the development and acquisition of the Crossvine Project; AES Indiana's proposed accounting and ratemaking should be approved; and AES Indiana's proposed ARP and declination of jurisdiction should be approved.

**11. Confidential Information.** On August 29, 2024, AES Indiana filed a Motion for Protection and Nondisclosure of Confidential and Proprietary Information, which was supported by affidavit showing certain information to be submitted was trade secret information as defined in Ind. Code § 24-2-3-2 and should be treated as confidential in accordance with Ind. Code §§ 5-14-3-4 and 8-1-2-29. In a September 9, 2024 Docket Entry, the information was preliminarily found to be confidential. After review of the information and consideration of the affidavit, the Commission finds the information is trade secret information as defined in Ind. Code § 24-2-3-2, is exempt from public access and disclosure pursuant to Ind. Code §§ 5-14-3-4 and 8-1-2-29, and shall be held as confidential and protected from public access and disclosure by the Commission.

**IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:**

1. AES Indiana is issued a certificate of public convenience and necessity for AES Indiana's acquisition and development of the Crossvine Project through the MIPA, EPC Agreement and the Joint Venture. This Order constitutes the certificate.
2. The MIPA and proposed use of an EPC Agreement are approved.
3. AES Indiana's estimated cost of the Crossvine Project as set forth in Petitioner's Ex. No. 2-C, Table 2 is approved.
4. The Crossvine Project, including the MIPA; EPC Agreement; Capacity Agreement and CFD; and the Joint Venture structure is a clean energy project under Ind. Code § 8-1-8.8-2, and is just and reasonable under Ind. Code § 8-1-8.8-11.
5. AES Indiana's proposed accounting and ratemaking presented by AES Indiana witness Aliff are approved.
6. AES Indiana is authorized to enter into the CFD and the Joint Venture.
7. AES Indiana's request to recover costs incurred pursuant to the CFD through a rate adjustment mechanism to be administered through AES Indiana's FAC proceeding (or successor mechanism) is approved. This recovery shall not be subject to any Ind. Code § 8-1-2-42(d) tests or FAC benchmarks.
8. AES Indiana's request for ongoing review of the Crossvine Project, as modified on rebuttal, is approved.
9. AES Indiana's ARP described herein is approved.
10. AES Indiana's requests to defer and recover its investments in the Crossvine Project and its Project Development Costs as summarized herein and in Petitioner's evidence are approved.
11. The Commission declines to exercise jurisdiction over the Joint Venture and ProjectCo.
12. The information filed in this Cause pursuant to the Motion for Protection and Nondisclosure of Confidential and Proprietary Information is deemed confidential pursuant to Ind. Code §§ 5-14-3-4 and 8-1-2-29, is exempt from public access and disclosure by Indiana law, and shall be held confidential and protected from public access and disclosure by the Commission.
13. This Order shall be effective on and after the date of its approval.

**HUSTON, BENNETT, FREEMAN, AND VELETA CONCUR; ZIEGNER ABSENT:**

**APPROVED: APR 09 2025**

**I hereby certify that the above is a true  
and correct copy of the Order as approved.**

\_\_\_\_\_ on behalf of  
**Dana Kosco**  
**Secretary of the Commission**