TITLE 170 INDIANA UTILITY REGULATORY COMMISSION

Proposed Rule
LSA Document #15-xxx

DIGEST

Amends 170 IAC 4-7 to update the commission's rule requiring electric utilities to prepare and submit integrated resource plans **and amends 170 IAC 4-8 to update the commissions rule regarding utilities' demand side management plans**. Effective 30 days after filing with the Publisher.

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SECTION 1. 170 IAC 4-7-0.5 IS ADDED TO READ AS FOLLOWS

ARTICLE 4. ELECTRIC UTILITIES
Rule 7. Guidelines for Electric Utility Integrated Resource Plans

170 IAC 4-7-0.5 Applicability
Authority: IC 8-1-1-3; IC 8-1-8.5-3
Affected: IC 8-1-2.2; IC 8-1-2.3-2; IC 8-1-2.4; IC 8-1-8.5; IC 8-1-8.8-10; IC 8-1.5

Sec. 0.5 (a) To assist the commission in its administration of the Utility Powerplant Construction Law, IC 8-1-8.5, this rule applies to the following electric utilities:
(1) Public investor owned.
(2) Municipally owned.
(3) Cooperatively owned.
(4) A joint agency created under IC 8-1-2.2. An individual member of a joint agency is not required to submit to the commission a separate IRP.
(b) This rule does not apply to a person who is exempt pursuant to IC 8-1-8.5-7.

(c) The following electric utilities are exempt from the public advisory process requirement in section 2.1 of this rule:

(1) Municipally owned.

(2) Cooperatively owned.

(3) A joint agency created under IC 8-1-2.2.

(Indiana Utility Regulatory Commission; 170 IAC 4-7-0.5)

SECTION 2. 170 IAC 4-7-1 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-1 Definitions

Authority: IC 8-1-1-3**; IC 8-1-8.5-3**

Affected: IC 8-1-2.2; IC 8-1-2.3-2; IC 8-1-2.4; IC 8-1-8.5; IC 8-1-8.8-10; IC 8-1.5

Sec. 1. (a) **The definitions in this section apply throughout this rule.**

~~(a)~~ **(b)** ~~As used in this rule,~~ "**E**mission allowance" means the authority to emit one (1) ~~ton of sulfur dioxide (SO2), as defined under Section 7651 of the Clean Air Act Amendments of 1990, 42 U.S.C. 7401 to 7671q, effective November 15, 1990~~ **unit of any air pollutant as specified by a federal or state regulatory system**.

~~(b) As used in this rule,~~ **(c)** "Avoided cost" means the incremental cost to a utility of energy or capacity or both which such utility would generate itself or purchase from another source, but is ~~amount of fuel, operation, maintenance, purchased power, labor, capital, taxes, and other~~ ~~**short and long term**~~ ~~cost~~ not incurred ~~by a utility~~ if an alternative supply or demand-side resource is included in the utility's integrated resource plan. Avoided cost savings can come from a number of sources including deferral of capital additions and reductions in fuel use, operations and maintenance, purchased power, labor, taxes, line losses, and other **short and long term** costs.

~~(c) As used in this rule, "Clean Air Act Amendments of 1990" or "CAAA" means Title IV, Acid Deposition Control, of the federal Clean Air Act Amendments of 1990, 42 U.S.C. 7401 to 42 U.S.C. 7671q, in effect November 15, 1990.~~

(d) "Candidate resource portfolio" means one of multiple long-term resource portfolios selected for further evaluation through the utility's portfolio screening process to determine the preferred resource portfolio.

~~(d) As used in this rule,~~ **(e)** "Cogeneration facility" means the following:

(1) A facility that simultaneously generates electricity and useful thermal energy and meets the energy efficiency standards established for a cogeneration facility by the Federal Energy Regulatory Commission (FERC) under 16 U.S.C. 824a-3.

(2) The land, system, building, or improvement that is located at the project site and is necessary or convenient to the construction, completion, or operation of the facility.

(3) The transmission or distribution facilit**ies** necessary to conduct the energy produced by the facility to a user located at or near the project site.

~~(e) As used in this rule,~~ **(f)** "Commission" means the Indiana utility regulatory commission.

(g) "Commission analysis" means the required state energy analysis developed by the commission under Ind. Code § 8-1-8.5-3.

~~(f) As used in this rule,~~ **(h) "Contemporary issues" means any topic that may affect the inputs, methods, or judgment factors in an IRP that is common to all Indiana jurisdictional utilities. Topics may include, but are not limited to, the following types of issues:**

(1) Economic.

(2) Financial.

(3) Environmental.

(4) Energy.

(5) Demographic.

(6) Customer.

(7) Methodological.

(8) Regulatory.

(9) Technological.

(i) "Contemporary methods" means any methodological aspect involved with developing an IRP that represents the best practice of the electric industry to improve the quality of an IRP analysis.

~~(g) As used in this rule,~~ **(j)** "Demand-side management" or "DSM" means the planning, implementation, and ~~monitoring~~ evaluation, measurement, and verification of a utility activity designed to **achieve energy efficiency or demand response**. DSM includes only an activity that involves deliberate intervention by a utility to alter load ~~shape~~.

~~(h) As used in this rule,~~ **(k)** "Demand-side measure" or "DSM measure" means a particular end-use device, technology, service, or rate design at a targeted customer's premises or a utility's energy delivery system for a specific DSM ~~program~~activity.

~~(i) As used in this rule,~~ **(l)** "Demand-side program" or "DSM program" means a utility program designed to implement ~~a~~ one (1) or more demand-side measures.

~~(j) As used in this rule,~~ **(m)** "Demand-side resource" or "DSM resource" means a resource that reduces the demand for electrical power or energy by applying ~~a~~ one (1) or more demand-side programs ~~to implement one (1) or more demand-side measures~~.

(n) "Director" means the director of the electricity division of the commission.

~~(k) As used in this rule,~~ **(o)** "Discount rate" means the interest rate used in determining the present value of future cash flows.

~~(l) As used in this rule, "dispersed~~**(p) "Distributed** generation" means electric generation technology that is relatively small in size, and **is usually installed** near a load center or remote location on the subtransmission or distribution system. **Distributed generation can include self-generation.**

~~(m) As used in this rule,~~ **(q)** "End-use" means the light, heat, cooling, refrigeration, motor drive, microwave energy, video or audio signal, computer processing, electrolytic process, or other useful work produced by equipment using electricity.

~~(n) As used in this rule,~~ **(r)** "Energy efficiency" means **reducing** energy use for a comparable level of energy service.

~~(o) As used in this rule,~~ **(s)** "Energy service" means the light, heat, motor drive, and other service for which a customer purchases electricity from the utility.

~~(p) As used in this rule,~~ **(t) "Energy storage" means a:**

(1) technology; or

(2) set of technologies;

Capable of storing previously generated electric or thermal energy and discharging that energy as electricity at a later time.

(u) "Engineering estimate" means an estimate of energy (kWh) and demand (kW) impact resulting from a **DSM** measure based on an engineering calculation procedure. An engineering estimate addresses change in energy use of a building or system resulting from installation of a DSM measure. **A**n engineering estimate accounts for the interactive effect between the DSM measures **and existing equipment as well as the interactive effect between multiple DSM measures, if applicable**. **(v) "FERC Form 715" means the annual transmission planning and evaluation report required by the Federal Energy Regulatory Commission (FERC), as adopted in 58 FR 52436, Oct. 8, 1993, and as amended by Order 643, 68 FR 52095, Sept. 2, 2003.**

~~(q) As used in this rule,~~ **(w)** "Firm wholesale power sale" means a power sale intended to be available to the purchaser at all times, including under adverse conditions, during the period covered by the commitment.

~~(r) As used in this rule, "hourly system lambda" means the change in a utility's total cost associated with a marginal change in hourly load. The hourly system lambda is a short run measure that reflects the change in fuel cost and includes incremental (or decremental) operation and maintenance expenses.~~

~~(s) As used in this rule,~~ **(x)** "Integrated resource ~~planning", "~~plan" or "IRP" means a utility's ~~assessment of a variety of demand-side and supply-side resources to cost-effectively meet customer electricity service needs. The IRP may also include, but is not limited to, the following:~~

~~(1) A public participation procedure .~~

~~(2) An analysis of the uncertainty and risk posed by different resources and external factors~~ **document submitted to the commission in order to meet the requirements of this rule**.

~~(t) As used in this rule,~~ **(y)** "Load building" means a program intended to increase electricity consumption without regard to the timing of the increased usage.

~~(u) As used in this rule,~~ **(z)** "Load research" means the collection of electricity usage data through a metering device associated with an end-use, a circuit, or a building. The metered data is used to better understand the characteristics of electric loads, the timing of their use, and the amount of electricity consumed by users. The data may be collected over a variety of time intervals, usually sixty (60) minutes or less.

~~(v) As used in this rule,~~ **(aa)** "Load shape" means the time pattern of customer electricity use and the relationship of the level of energy use to a specific time during the day, month, and year.

~~(w) As used in this rule, "Lost opportunity" means a situation where a cost-effective demand-side measure could have been installed at a site during construction, renovation, or replacement of equipment, but was not, rendering a subsequent equal or more extensive modification to the site not cost-effective.~~

~~(x) As used in this rule,~~ **(bb)** "Non-utility generator" or ~~"NUG"~~ means a facility for generating electricity that:

(1) is not exclusively owned by a public utility;

(2) operates connected to an electric utility system; and

(3) sells electricity to a utility for resale to retail customers.

(cc) "North American industrial classification system" or "NAICS" means a system developed by the United States Department of Commerce for use in the classification of establishments by type of activity in which engaged, for purposes of facilitating the collection, tabulation, presentation and analysis of data relating to establishments, and for promoting uniformity and comparability in the presentation of statistical data collected by various agencies of the United States Government, state agencies, trade associations, and private research organizations.

~~(y) As used in this rule,~~ **(dd)** "Participant" means a utility customer participating in a utility-sponsored DSM program.

~~(z) As used in this rule,~~ **(ee)** **"Participant cost test" or "PCT" or** "Participant test" means a cost-effectiveness test that measures the difference between the cost incurred by a participant in a ~~demand-side~~DSM program and the ~~value~~ benefit received by the participant. A participant's cost in the PCT includes all costs borne by the participant. A participant's ~~value~~ benefits in the PCT ~~from a DSM program~~ consist~~s~~ of ~~only the direct economic benefit~~the incentive payments, bill savings, and any applicable tax credits or incentives received by the participant.

~~(aa) As used in this rule,~~ **(ff)** "Penetration" means the ratio of the number of a specific type of new units installed to the total number of new units installed during a given time.

(gg) "Power transfer capability" means the amount of power that can be transferred from one point or part of the bulk electric system to another without exceeding any reliability criteria pertinent to the utility.

(hh) "Preferred resource portfolio" means the utility's selected long-term supply-side and demand-side resource mix that economically, safely and reliably meets electric system demand. Risk and uncertainty should be considered, inclu~~de~~ding regional resources, environmental regulations, projections for fuel costs, load growth uncertainty, economic factors, and technological change.

~~(bb) As used in this rule,~~ **(ii)** "Present value" means today's value of a future payment, or stream of payments, discounted at some appropriate compound interest or discount rate.

~~(cc) As used in this rule,~~ **(jj)** "Program cost" means all expenses incurred by a utility in a given year for operation of a DSM program whether the cost is capitalized or expensed. An expense includes, but is not limited to, the following:

(1) Administration.

(2) Equipment.

(3) Incentives paid to program participants.

(4) Marketing and advertising.

(5) **Evaluation, m**~~onitoring~~easurement, and **verification (EM&V)**.

~~(dd) As used in this rule,~~ **(kk)** "Public ~~participation~~ **advisory process**" means ~~a procedure~~ **the procedures referenced in section 2.1 of this rule** ~~where a customer or interested party is provided~~ **in which customers and interested parties have** the opportunity to **receive information from the utilities, and provide input for the utility to consider in the development of the IRP and** comment on a utility's ~~integrated resource plan~~**IRP** prior to the submission of the IRP to the commission.

~~(ee) As used in this rule,~~ **(ll)** "Ratepayer impact measure" or "RIM" test means a cost-effectiveness test which analyzes how a rate for electricity is altered by implementing a DSM program. This test measures the change in a revenue requirement expressed on a per unit of sale basis.

(mm) "Regional transmission organization" or "RTO" means the regional transmission organization approved by the Federal Energy Regulatory Commission for the control area that includes the utility's assigned service area (as defined in IC 8-1-2.3-2).

~~(ff) As used in this rule,~~ **(nn)** "Renewable resource" means a ~~generation facility or technology utilizing a fuel source such as, but not limited to, the following:~~

~~(1) Wind.~~

~~(2) Solar.~~

~~(3) Geothermal.~~

~~(4) Waste.~~

~~(5) Biomass.~~

~~(6) Small hydro.~~

renewable energy resource as defined in IC 8-1-8.8-10.

~~(gg) As used in this rule,~~ **(oo)** "Resource" means a facility, project, contract, or other mechanism used by a utility to provide electric energy service to the customer.

(pp) "Resource action" means a resource change or addition proposed by a utility in a formally docketed commission proceeding.

(qq) "Risk metric" means a measure used to gauge the risk associated with a resource portfolio. As applied to the cost of a resource portfolio, this includes measures of the variability of costs and the magnitude of outcomes.

~~(hh) As used in this rule,~~ **(rr)** "Saturation" means the ratio of the number of a specific type of similar appliance or equipment to the total number of customers in that class or the total number of similar appliances or equipment in use.

~~(ii) As used in this rule,~~ **(ss)** "Screening" means an evaluation performed by a utility to determine whether a demand-side or supply-side resource option is eligible for potential inclusion in the utility's ~~integrated resource plan~~**preferred resource portfolio**~~j) As used in this rule,~~ **(tt)** "Self-generation" means an electric generation facility primarily for the customer's own use and not for the primary purpose of producing electricity, heat, or steam for sale to or for the public for compensation.

~~(kk) As used in this rule,~~ **(uu)** "Short term action plan" means a schedule of activities and goals developed by a utility to begin efficient implementation of its ~~integrated resource plan~~**preferred resource portfolio**.

(vv) "Smart grid" means use of digital electronics, equipment, or data, and the associated communications networks, to monitor and control any aspects of the electrical transmission and distribution system from generation to consumption.

~~(ll) As used in this rule, "standard industrial classification" or "SIC" means a system developed by the United States Department of Commerce for use in the classification of establishments by type of activity in which engaged, for purposes of facilitating the collection, tabulation, presentation and analysis of data relating to establishments, and for promoting uniformity and comparability in the presentation of statistical data collected by various agencies of the United States Government, state agencies, trade associations, and private research organizations.~~

~~(mm) As used in this rule,~~ **(ww)** "Supply-side resource" means a resource that provides a supply of electrical energy or capacity, or both, to a utility. A supply-side resource **may** include the following:

(1) A utility-owned generation capacity addition.

(2) A wholesale power purchase from another utility or non-utility generator.

(3) A refurbishment or upgrading of an existing utility-owned generating facility.

(4) A cogeneration facility.

(5) A renewable resource technology.

(6) Distributed generation.

~~(nn) As used in this rule,~~ **(xx)** "Targeted demand-side management" or "targeted DSM" means a demand-side program designed to defer or eliminate investment in a transmission or distribution facility.

~~(oo) As used in this rule,~~ **(yy)** "Total resource cost test" or "TRC" means a cost-effectiveness test that eliminates the distinction between a participant and nonparticipant by analyzing whether a resource is cost-effective based on the total cost and total benefit of the program including environmental and non-energy benefits, independent of the precise allocation to ~~a shareholder~~the utility, ratepayer, and participant.

~~(pp) As used in this rule,~~ **(zz)** "Utility" means:

(1) a public, municipally owned, or cooperatively owned utility; or

(2) a joint agency created under IC 8-1-2.2.

~~(qq) As used in this rule,~~ **(aaa)** "Utility cost test" or "UCT" **(also known as the** revenue requirements test"**, or "program administrator cost test" or "PACT")**~~"~~ means a cost-effectiveness test designed to ~~minimize~~ **measure the ratio of the benefits to the utility to the costs incurred by the utility. (**~~the net present value of a utility's~~
(Indiana Utility Regulatory Commission; 170 IAC 4-7-1; filed Aug 31, 1995, 9:00 a.m.: 19 IR 16; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)

SECTION 3. 170 IAC 4-7-2 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-2 Procedures and effects of filing integrated resource plans
Authority: IC 8-1-1-3**; IC 8-1-8.5-3**
Affected: IC 5-14-3; IC 8-1-1-8; IC 8-1-8.5; IC 8-1.5

Sec. 2. (a) **The following utilities, or their successors in interest, must submit to the commission an IRP that covers at least a 20 year planning horizon consistent with this rule according to the following schedule**:

(1) Duke Energy Indiana, Indiana Michigan Power Company, Indiana Municipal Power Agency, on November 1, 2015, and every three years thereafter.

(2)Indianapolis Power and Light Company, Northern Indiana Public Service Company, and Southern Indiana Gas and Electric Company on November 1, 2016, and every three years thereafter.

(3) Indiana Municipal Power Agency, and Wabash Valley Power Association on November 1, 2015, November 1, 2017 and every three years thereafter.

(4) Hoosier Energy Rural Electric Cooperative on November 1, 2017 and every three years thereafter.

Upon request of a utility, the director may grant an extension of any such submission dates, for good cause shown.

(b) Prior to constructing, purchasing, or leasing a generating facility to provide electric service within the state of Indiana, a utility not listed in subsection (a) must submit to the commission an IRP consistent with this rule. If the generating facility, after appropriate commission review, is constructed, purchased, or leased, the utility shall submit to the commission every three years, an IRP consistent with this rule.

(c) A utility subject to section 0.5 must submit to the commission, on or before the applicable date as specified in subsection (a), the following documents:

(1) The integrated resource plan.

(2) A technical appendix containing supporting documentation.

(3) An IRP summary document as described in section 4(a) of this rule.

(d) The documents listed in subsection (c) shall be submitted electronically to the director.

~~The commission may use an IRP or written comments, or both, submitted pursuant to this rule, to assist in the preparation of an analysis of the long range needs for expansion of facilities for the generation of electricity and plan for meeting the future requirements of electricity as required by IC 8-1-8.5. The commission may also use the IRP or written comments, or both, submitted pursuant to this rule in the preparation of a staff report in other formally docketed proceedings.~~

~~(1) An IRP or written comments submitted to the commission pursuant to this rule may be admitted as evidence in a formally docketed proceeding before the commission under the Indiana Rules of Evidence:~~

~~(2) The commission shall give such weight as it determines appropriate to any IRP, or written comments submitted to the commission thereon, admitted as evidence in a formally docketed proceeding as provided in subsection 2(a)(1) *[subdivision (1)]* above.~~

~~(3) An IRP or comments submitted pursuant to this rule may not be admitted as evidence in a formally docketed proceeding before the commission through use of 170 IAC 1-1-18(f).~~

~~(b) Notice of the submission of an IRP to the commission shall be provided pursuant to the publication requirements of IC 8-1-1-8.~~

~~(c)~~**(e)** Contemporaneously with the submission of an IRP to the commission, a utility must include the following information:

(1) The name and address, if known, of each individual or entity considered by the utility to be an interested party. The interested parties may include but not be limited to representatives of

(A) residential consumers;

(B) the low-income weatherization and fuel assistance program network;

(C) the environmental community;
(D) businesses, including large C&I end-users;
(E) the manufacturing industry;
(F) energy efficiency experts;
(G) organized labor;
(H) the department of environmental management;
(I) the attorney general;
(J) the housing and community development authority; and
(K) the office of energy development
(L) the consumer advocate
(M) known interveners in prior dockets

(2) A statement that the utility has sent each interested party, **electronically or** by deposit in the United States mail, First Class postage prepaid, a notice of the utility's submission of an IRP to the commission. The notice must contain, at a minimum, the following information:

(A) A general description of the subject matter of the submitted IRP.
(B) A statement that the commission invites an interested party to submit written comment on the utility's submitted IRP.
(C) A statement that ~~the commission will provide notice of the IRP and the due date for the submission of written comments pursuant to the publication requirements of IC 8-1-1-8. The statement must also include that~~ subsection ~~(e)~~ **(g)** below provides for a ninety (90) day time period~~, or longer as determined by the commission,~~ to submit written comments.

A utility is not required to separately notice, as provided in this subsection, each of its customers. A utility may, however, individually notify a business, organization, or a particular customer having a substantial interest in the IRP.

(3) A statement that the utility has served a copy of the IRP on the office of the consumer counselor.

~~(d) An IRP submitted to~~ **(f)** The commission **shall make a submitted IRP available:**
(1) on its website; and
(2) ~~may~~ **to** be viewed, inspected, or copied, ~~in accordance with IC 5-14-3,~~ at the office of the commission at 101 West Washington Street, Suite 1500 E, Indianapolis, Indiana 46204**;**
in accordance with IC 5-14-3 and any determination by the commission regarding confidentiality under 170 IAC 1-1.1-4.

~~(e)~~**(g)** A customer or interested party may comment on an IRP submitted to the commission. The comments must:
(1) be in writing**;**
(2) ~~and~~ received by the commission within ninety (90) days from the date a utility submits an IRP to the commission~~. A customer or interested party must~~;
~~(1) submit~~ **(3) be submitted** to the commission:
(A) as a paper original at the address provided in subsection ~~(d)~~**(f); or**
(B) ~~an original and eight (8) copies of the written comments~~ **electronically to the director**;
~~(2)~~ **(4)** clearly identify the utility upon which written comments are submitted; and
~~(3) when submitting written comments on an IRP, serve a copy of the comments~~ **(~~4~~5) be served** upon the utility.

The ~~commission~~ **director** may extend the filing deadline for submitting written comments.

~~(f)~~**(h) The director shall issue a draft report on the IRP no later than 120 days from the date a utility submits an IRP to the commission.** **If the director determines within the 120 days from the date a utility submits an IRP to the commission that the filed information is incomplete or unclear, they may order the utility to augment or clarify the filing before filing the draft report, and may extend the filing deadline for the draft report as specified in subsection (m).**

(i) ~~Upon the receipt of written comments of a customer or interested party, a utility may submit to the commission supplemental or response comments.~~ **Supplemental or response comments may be submitted by:**
(1) the utility; or
(2) any customer or interested party.
(j) Supplemental or response comments must be:
(1) in writing; ~~and~~

(2) received by the commission within thirty (30) days from the date ~~a customer or interested party submits comments to the commission. A utility must~~;
~~(1) submit~~ **the director issues the draft report;**
(3) submitted to the commission, ~~at the address provided in subsection~~ (d) ~~an original and eight (8) copies of the written comments~~ **electronically to the director**~~an original and eight (8) copies of the supplemental or response comments~~; and**;**
~~(2) serve a copy of the supplemental or response comments~~ **(4) served** upon:
(A) the utility;
(B) ~~the~~ **any** customer or interested party who submitted written comments; and
(C) the office of the **utility** consumer counselor.

The ~~commission~~ **director** may extend the filing deadline for submitting supplemental or response comments.

~~(g)~~**(i)** The ~~commission~~ **director** may allow additional written comment periods.

(j) The director shall issue a final report on the IRP within 30 days following the deadline for supplemental or response comments.

(k) The draft report and the final report shall be limited to the:
(1) informational;
(2) procedural; and
(3) methodological
requirements of this rule.

(l) The draft report and final report shall not comment on:
(1) the utility's selection of its preferred resource plan; or
(2) any resource action chosen by the utility.

(m) Upon appropriate notice to the utility and interested parties, the director may extend the deadlines for issuance of the draft report and the final report.

(n) Failure by the director to issue a draft or final report shall result in a presumption that the IRP complies with this rule.

(o) The following documents shall be made available on the commission's website:
(1) Written comments.
(2) Responsive comments.
(3) The director's draft report.
(4) The director's final report.

~~(h)~~**(p)** The failure of an interested party to file comments ~~pursuant to subsection (e)~~ **under this rule** shall not constitute a waiver of any right to participate as a party or to advance any argument or position in a formally docketed proceeding before the commission. Similarly, the content of comments filed by an interested party under ~~subsection (e)~~ **this rule** shall not estop or preclude that party from advancing any argument or position in a formally docketed proceeding before the commission, whether or not that argument or position was raised in comments submitted under ~~subsection (e)~~**this rule**.

(q) Any resource action shall be consistent with the most recent IRP submitted under this rule, including its:
(1) inputs (including data and assumptions):
(2) methods (including models); and
(3) judgment factors (including the rationales used to determine inputs, methods, and risk metric(s));
unless any discrepancies between the most recent IRP and the resource action are fully explained and justified with supporting evidence, including updated IRP analyses.

(r) Documents submitted or created pursuant to this rule may be used as follows:
(1) To assist the commission in the preparation of the commission analysis.
(2) In the preparation of a commission staff report in formally docketed proceedings before the commission.
(3) Submitted as evidence in a formally docketed proceeding before the commission. The commission shall give such weight as it determines appropriate to such evidence.

(Indiana Utility Regulatory Commission; 170 IAC 4-7-2; filed Aug 31, 1995, 9:00 a.m.:19 IR 18; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; errata filed Jul 21, 2009, 1:33 p.m.: 20090819-IR-170090571ACA)

SECTION 4. 170 IAC 4-7-2.1 IS ADDED TO READ AS FOLLOWS:

170 IAC 4-7-2.1 Public advisory process
Authority: IC 8-1-1-3**; IC 8-1-8.5-3**
Affected: IC 8-1-8.5

Sec. 2.1 (a) The utility shall have a public advisory process as outlined in this section.
(b) The utility shall:
(1) provide information to; and
(2) solicit and consider relevant and timely input from;
any interested party in regard to the development of the utility's IRP.
(c) The utility shall consider and timely respond to all relevant input provided by interested parties, including comments and concerns from the commission or its staff.
(d) The utility retains full responsibility for the content of its IRP.
(e) The public advisory process shall be administered as follows:
(1) The utility shall initiate and convene its own public advisory process. The utility will hold at least:
(A) one introductory meeting; and
(B) one meeting to discuss and seek input on its candidate resource proposals; and
(~~B~~C) one meeting regarding its preferred resource portfolio;
before submittal of its IRP to the commission.
(2) Depending on the level of interest by commission staff, the public and interested parties in the utility's public advisory process, the utility may hold additional meetings.
(3) The utility shall take reasonable steps:
(A) to notify its customers and the commission of its public advisory process; and
(B) provide notification to known interested parties.
(4) The timing of meetings shall be determined by the utility:
(A) to be consistent with its internal IRP development schedule; and
(B) to provide an opportunity for public participation in a timely manner that may affect the outcome of the utility resource planning efforts.
(5) The utility or its designee shall:
(A) chair the participation process;
(B) schedule meetings; and
(C) develop and publish agendas and relevant material for those meetings at least ~~7~~ 14 (~~seven~~fourteen) days prior to the meeting; and
(D) develop and publish meeting minutes within 15 (fifteen) days following each meeting; Participants are allowed to request that relevant items be placed on the agenda of the meetings if they provide adequate notice to the utility.
(6) Topics discussed in the public advisory process shall include, but are not limited to, the following:
(A)The utility's load forecast.
(B) Evaluation of existing resources.
(C) Evaluation of supply and demand side resource alternatives, including:
(i) associated costs;
(ii) associated quantifiable energy and non-energy benefits of resource alternatives; and
(iii) performance attributes.
(D) Modeling methods.

(E) Modeling inputs.
(F) Treatment of risk and uncertainty.
(G) Rationale for determining the preferred resource portfolio.
(Indiana Utility Regulatory Commission; 170 IAC 4-7-2.1)

SECTION 5. 170 IAC 4-7-2.2 IS ADDED TO READ AS FOLLOWS:

170 IAC 4-7-2.2 Contemporary issues technical conference
Authority: IC 8-1-1-3**; IC 8-1-8.5-3**
Affected: IC 8-1-8.5

Sec. 2.2 (a) The commission or its staff may host an annual technical conference to help identify contemporary issues and encourage the identification and adoption of best practices to manage such issues.

(b) The technical conference may also identify a standardized reporting format.

(c) The agenda of the technical conference shall be set by the commission staff that includes input from interested parties and utilities. Utilities and interested parties may petition or informally contact the commission staff to request the inclusion of specific contemporary issues.

(d) The director may provide guidance concerning specific contemporary issues for a utility to address in its next IRP filing. The director shall provide interested parties with a written summary of the issues to be addressed. The utility shall, to the extent possible, provide to interested parties either a discussion of the impacts of such issues on its IRP or demonstrate how it has taken such issues into account.

(e) A utility need not address new issues raised in a contemporary issues technical conference unless the contemporary issues technical conference occurred at least one (1) year prior to the filing date of a utility's IRP.
(Indiana Utility Regulatory Commission; 170 IAC 4-7-2.2)

SECTION 6. 170 IAC 4-7-3 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-3 Waiver or variance requests
Authority: IC 8-1-1-3**; IC 8-1-8.5-3**
Affected: IC 5-14-3; IC 8-1-2-29; IC 8-1-2.2; IC 8-1-8.5-7; IC 8-1.5

Sec. 3. (a) ~~To assist the commission in its administration of the Utility Powerplant Construction Law, IC 8-1-8.5, this rule applies to the following:~~

~~(1) A public, municipally owned, or cooperatively owned utility.~~

~~(2) A joint agency created under IC 8-1-2.2. An individual member of a joint agency is not required to submit to the commission a separate integrated resource plan.~~

~~(b) This rule does not apply to a person who is exempt pursuant to IC 8-1-8.5-7.~~

~~(c) A utility operating or owning, in part or whole, an electrical generating facility as of January 1, 1995, to provide electric service within the state of Indiana must submit to the commission on a biennial basis, beginning on or before November 1, 1995, an integrated resource plan consistent with this rule. Upon request of a utility, the commission may grant an extension of any such submission dates, for good cause shown.~~

~~(d) A utility not subject to subsection (c) prior to constructing, purchasing, or leasing a generating facility to provide electric service within the state of Indiana must submit to the commission an integrated resource plan consistent with this rule. If the generating facility, after appropriate commission review, is constructed, purchased, or leased, the utility shall submit to the commission on a biennial basis, an integrated resource plan consistent with this rule.~~

~~(e) A utility subject to subsection (a) must submit to the commission, on or before the applicable date as specified in subsection (c) or (d), the following documents:~~

~~(1) The integrated resource plan.~~

~~(2) A technical appendix containing supporting documentation.~~

~~(f) If a utility considers information in the IRP or technical appendix to be proprietary or otherwise confidential, a utility must file concurrently a redacted version, a nonredacted version under seal which shall be treated as confidential pending completion of the proceeding described below, verified affidavits from appropriate representatives of the utility~~

~~setting forth the reasons why the information is proprietary or otherwise confidential, and a petition requesting that the commission find that such information is confidential pursuant to IC 8-1-2-29 and IC 5-14-3. A customer or interested party seeking access to or desiring to contest a commission determination regarding information claimed by a utility to be proprietary and confidential may do so only through intervention and participation in the proceeding on the utility petition requesting a finding of confidentiality. If, after review, the commission determines the information is proprietary or confidential, the commission and its staff will treat the information as proprietary or confidential in accordance with IC 8-1-2-29 and IC 5-14-3.~~ **The utility may request a waiver or a variance from a provision of this rule for good cause shown in advance of a filing date.**

(1) The request shall include:

(A) A description of the situation which necessitates the waiver or variance.

(B) Identification of the provision(s) of this rule for which the waiver or variance is requested.

(C) Explanation of the difference between the expected effects of complying with this rule on the utility, its customers, and participants in the public advisory process if the waiver or variance is not granted and the expected effect on such parties if granted.

(D) Explanation of how the waiver or variance is expected to aid or, at the least, not undermine the procedures and requirements of this rule.

(2) A request shall be submitted in sufficient time that the IRP submittal schedule shall not be adversely affected.

(b) The director shall respond in writing regarding acceptance or denial of a request under this section within fifteen (15) days. The request shall not be unreasonably denied, but any denials shall include the reason for the denial. If the director fails to respond within fifteen (15) days, the request shall be deemed accepted.

(c) The request by the utility and the director's acceptance or denial shall be posted on the commission's website.

(d) An appeal to the full commission of the director's acceptance or denial under this section must be filed with the commission within thirty (30) days of the posting of the director's written acceptance or denial of the request.

(Indiana Utility Regulatory Commission; 170 IAC 4-7-3; filed Aug 31, 1995, 9:00 a.m.: 19 IR 19; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)

SECTION 7. 170 IAC 4-7-4 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-4 Methodology and documentation requirements

Authority: IC 8-1-1-3; IC 8-1-8.5**-3**

Affected: IC 8-1; IC 8-1.5

Sec. 4. **(a) The utility shall provide an IRP summary document that communicates core IRP concepts and results to non-technical audiences.**

(1) The summary shall provide a brief description of the utility's existing resources, preferred resource portfolio, short term action plan, key factors influencing the preferred resource portfolio and short term action plan, and any additional details the commission staff may request as part of a contemporary issues meeting. The summary shall describe, in simple terms, the IRP public advisory process, ~~if applicable,~~ and core IRP concepts, including resource types and load characteristics.

(2) The utility shall utilize a simplified format that visually portrays the summary of the IRP in a manner that makes it understandable to a non-technical audience.

(3) The utility shall make this document readily accessible on its website.

(b) An IRP ~~covering at least a twenty (20) year future period prepared by a utility~~ must include **the following:**

(1) A discussion of the:

(A) inputs;

(B) methods ~~data, assumptions~~; and

(C) definitions;

used ~~in developing~~ **by the utility in** the IRP~~ and the goals and objectives of the plan. The following information must be included:~~.

~~(1)~~ **(2)** The data sets, including data sources, used to establish base and alternative forecasts. A third party data source may be ~~presented in the form of a reference~~**referenced**. The reference must include the source title, author, publishing address, date, and page number of relevant data. The data sets must include an explanation for adjustments. The data must be provided on electronic media, and may be submitted as a file separate from the IRP, or as specified by the commission.

~~(2)~~**(3)** A description of the utility's effort to develop and maintain **a database of electricity consumption patterns**, by customer class, rate class, ~~SIC~~ **NAICS** code, and end-use~~, a data base of electricity consumption patterns~~. The database may be developed using, but not limited to, the following methods:

(A) Load research developed by the individual utility.
(B) Load research developed in conjunction with another utility.
(C) Load research developed by another utility and modified to meet the characteristics of that utility.
(D) Engineering estimates.
(E) Load data developed by a non-utility source.

~~(3)~~**(4)** A proposed schedule for industrial, commercial, and residential customer surveys to obtain data on end-use appliance penetration, end-use saturation rates, and end-use electricity consumption patterns.

~~(4)~~**(5)** A discussion of ~~customer self-generation~~ **distributed generation** within the service territory and the potential effects on generation, transmission, and distribution planning and load forecasting.

(6) A description of model structures, (e.g. optimization and dispatch models).

~~(5) A description of model structure and an evaluation of model performance.~~

(6) A complete discussion of the alternative forecast scenarios developed and analyzed, including a justification of the assumptions and modeling variables used in each scenario.

(7) A ~~description~~ **discussion** of **how** the **utility's** fuel inventory and procurement planning practices, ~~including the rationale, used in the development of the utility's integrated resource plan~~**have been taken into account and influenced the IRP development**.

(8) A ~~description~~ **discussion** of **how** the ~~SO2~~ **utility's** emission allowance inventory and procurement ~~planning~~ practices **for any air emission have been taken into account and influenced the IRP development** ~~including the rationale, used in the development of the utility's integrated resource plan~~.

(9) A description of the generation expansion planning criteria ~~used in developing the IRP~~. The description must fully explain the basis for the criteria selected~~, including an analysis and rationale for the level of system wide generation reliability assumed in the IRP~~.

(10) A discussion of how compliance costs for future or existing air, land, or water environmental regulations impacting generation assets have been taken into account and influenced the IRP development.

(11) A discussion of how the utilities' resource planning objectives, such as cost effectiveness, rate impacts, risks and uncertainty, were balanced in selecting its resource plan.

(1**2**) ~~A regional, or at a minimum, Indiana specific power flow study prepared by a regional or subregional organization. This requirement may be met by submitting Federal Energy Regulatory Commission (FERC) Form 715, as adopted in Docket No. RM93-10-00, in effect October 30, 1993. The power flow study shall include the following:~~

~~(A) Solved real flows.~~
~~(B) Solved reactive flows.~~
~~(C) Voltages.~~
~~(D) Detailed assumptions.~~
~~(E) Brief description of the model(s).~~
~~(F) Glossary of terms with cross references to the names of buses and line terminals.~~
~~(G) Sensitivity analysis, including, but not limited to, the forecast of the following:~~

~~(i) Summer and winter peak conditions.~~
~~(ii) Light load as well as heavy transfer conditions for one (1), two (2), five (5), and ten (10) years out.~~
~~(iii) Branch circuit ratings, including, but not limited to, normal, long term, short term, and emergency.~~

~~(11) Any recent dynamic stability study prepared for the utility or by the utility. This requirement may be met by submitting FERC Form 715, as adopted in Docket No. RM93-10-00, in effect October 30, 1993~~ **A brief description and discussion within the body of the IRP focusing on the utility's Indiana jurisdictional facilities with regard to the following components of FERC Form 715:**

(A) Most current power flow data models, studies, and sensitivity analysis.
(B) Dynamic simulation on its transmission system, including interconnections, focused on the determination of the performance and stability of its transmission system on various fault conditions. The simulation must include the capability of meeting the standards of the North American Electric Reliability Corporation (NERC).
(C) Reliability criteria for transmission planning as well as the assessment practice used. The information and discussion must include the limits set of its transmission use, its assessment practices developed through experience and study, and certain operating restrictions and limitations particular to it.
(D) Various aspects of any joint transmission system, ownership, and operations and maintenance responsibilities as prescribed in the terms of the ownership, operation, maintenance, and license agreement.

~~(12) Applicable transmission maps,. This requirement may be met by submitting FERC Form 715, as adopted in Docket No. RM93-10-00, in effect October 30, 1993.~~

(13~~)~~**(11)** ~~A description of reliability criteria for transmission planning as well as the assessment practice used. This requirement may be met by submitting FERC Form 715, as adopted in Docket No. RM93-10-00, in effect October 30, 1993.~~**An explanation of the contemporary methods utilized by the utility in developing the IRP, including descriptions of the following:**

(A) Model structure and reasoning for use of particular model or models in the utility's IRP.
(B) The utility's effort to develop and improve the methodology and inputs including its:
(i) load forecast;
(ii) forecasted impact from existing DSM resources,
(iii) cost estimates;
(iv) monetized benefits from existing DSM resources; and
(v~~iii~~) treatment of risk and uncertainty.
(iv) ~~**evaluation of a resource (supply-side or demand-side) alternative's contribution to system wide reliability. The measure of system wide reliability must cover the reliability of the entire system, including:**~~

~~(14) An evaluation of the reliability criteria in relation to present performance and the expected performance of the utility's transmission system. This requirement may be met by submitting FERC Form 715, as adopted in Docket No. RM93-10-00, in effect October 30, 1993.~~
~~(15) A description of the utility's effort to develop and improve the methodology and the data for evaluating a resource (supplyside or demand-side) option's contribution to system wide reliability. The measure of system wide reliability must cover the reliability of the entire system, including transmission, distribution, and generation.~~

~~(16)~~**(14)** An explanation, with supporting documentation, of the avoided cost calculation. An avoided cost must be calculated for each year in the forecast period. The avoided cost calculation must reflect timing factors specific to the resource under consideration such as project life and seasonal operation. Avoided cost shall include, but is not limited to, the following:

(A) The avoided generating capacity cost adjusted for transmission and distribution losses and the reserve margin requirement.
(B) The avoided transmission capacity cost.
(C) The avoided distribution capacity cost.
(D) The avoided operating cost, including fuel, plant operation and maintenance, spinning reserve, emission allowances, and transmission and distribution operation and maintenance.

~~(17)~~**(15)** The ~~hourly system lambda and the~~ actual demand for all hours of the most recent historical year available**, which shall be submitted electronically and may be a separate file from the IRP**. For purposes of comparison, a utility must maintain three (3) years of hourly data~~ and the corresponding dispatch logs~~.
~~(18)~~**(16)** ~~A description~~ **Publicly owned utilities shall provide a summary** of the utility's:
(A) most recent public ~~participation procedure if the utility conducts a procedure prior to the submission of an IRP to the commission~~ **advisory process;**
(B) key issues discussed; and
(C) how they were addressed by the utility.
(17) An explanation of the assessment of demand side and supply side resources considered to meet future customer electricity service needs.

(Indiana Utility Regulatory Commission; 170 IAC 4-7-4; filed Aug 31, 1995, 9:00 a.m.: 19 IR 20; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)

SECTION 8. 170 IAC 4-7-5 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-5 Energy and demand forecasts
Authority: IC 8-1-1-3**; IC 8-1-8.5-3**
Affected: IC 8-1-8.5; IC 8-1.5

Sec. 5. (a) An electric utility subject to this rule shall prepare an analysis of historical and forecasted levels of peak demand and energy usage which includes the following:
(1) ~~An~~ Historical ~~and projected analysis of a variety of~~ load shapes, including, but not limited to, the following:
(A) Annual load shapes.
(B) Seasonal load shapes.
(C) Monthly load shapes.
(D) Selected weekly and daily load shapes. Daily load shapes shall include, at a minimum, summer and winter peak days and a typical weekday and weekend day.
(2) Historical and projected load shapes shall be disaggregated, to the extent possible, by customer class, interruptible load, and end-use and demand-side management program.
(3) Disaggregation of historical data and forecasts by customer class, interruptible load, and end-use where information permits.
(4) ~~The use and reporting of~~ Actual and weather normalized energy and demand levels.
(5) A discussion of all methods and processes used to normalize for weather.
(6) A **minimum** twenty (20) year period for energy and demand forecasts.
(7) An evaluation of the performance of energy and demand forecasts for the previous ten (10) years, including, but not limited to, the following:
(A) Total system.
(B) Customer classes**,** rate classes, or both.
(C) Firm wholesale power sales.
(##) A discussion of how existing DSM activities influenced the historical load shape and how ongoing impacts from existing DSM have been incorporated into projected load shapes.
(8) ~~If an end-use methodology has not been used in forecasting, an explanation as to why this methodology has not been used.~~ **Justification for the selected forecasting methodology.**
(9) For purposes of ~~section 5(a)(1) and 5(a)(2)~~ ~~*[subdivisions (1) and (2)]*~~**subdivisions (1) and (2)**, a utility may use utility specific data or more generic data, such as, but not limited to, the types of data described in section ~~4(2)~~ **4(b)(2)** of this rule.
(b) A utility shall provide at least three (3) alternative forecasts of peak demand and energy usage. At a minimum, the utility shall include high, low, and most probable energy and peak demand forecasts based on ~~combinations of~~ alternative assumptions such as:
(1) Rate of change in population.
(2) Economic activity.
(3) Fuel prices.

(4) Changes in technology.
(5) Behavioral factors affecting customer consumption.
(6) State and federal energy policies.
(7) State and federal environmental policies.

(Indiana Utility Regulatory Commission; 170 IAC 4-7-5; filed Aug 31, 1995, 9:00 a.m.: 19 IR 21; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)

SECTION 9. 170 IAC 4-7-6 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-6 Resource assessment

Authority: IC 8-1-1-3**; IC 8-1-8.5-3**
Affected: IC 8-1-8.5; IC 8-1.5

Sec. 6. (a) ~~For each year of the planning period, excluding subsection 6(a)(6) *[subdivision (6)]*, recognizing the potential effects of self-generation, an electric~~ **The** utility shall provide a description of **its existing** electric power resources that must include, at a minimum, the following information:

(1) The net dependable generating capacity of the system and each generating unit.
(2) The expected changes to existing generating capacity, including, but not limited to, the following:
(A) Retirements.
(B) Deratings.
(C) Plant life extensions.
(D) Repowering.
(E) Refurbishment.
(3) A fuel price forecast by generating unit.
(4) The significant environmental effects, including:
(A) air emissions;
(B) solid waste disposal;
(C) hazardous waste; and
(D) subsequent disposal; **and**
(E) water consumption and discharge;
at each existing fossil fueled generating unit.
(5) ~~The scheduled power import and export transactions, both firm and nonfirm, as well as cogeneration and non-utility production expected to be available for purchase by the utility.~~
~~(6)~~ An analysis of the existing utility transmission system that includes the following:
(A) An evaluation of the adequacy to support load growth and ~~long term power purchases and sales~~**expected power transfers**.
(B) An evaluation of the supply-side resource potential of actions to reduce transmission losses**, congestion, and energy costs**.
(C) An evaluation of the potential impact of demand-side resources on the transmission network.
(D) An assessment of the transmission component of avoided cost.
~~(7)~~**(6)** A discussion of ~~demand-side~~DSM programs, including existing company-sponsored and government-sponsored or mandated energy **efficiency** or load management programs available in the utility's service area and the estimated impact of those programs on the utility's historical and forecasted peak demand and energy.

The information listed above in subdivision (a)(1) through subdivision (a)(4) and in subdivision (a)(6) shall also be provided for each year of the planning period.

(b) An electric utility shall consider alternative methods of meeting future demand for electric service. A utility must consider a demand-side resource, including innovative rate design, as a source of new supply in meeting future electric service requirements. The utility shall consider a comprehensive array of ~~demand-side~~DSM measures that provide an opportunity for all ratepayers to participate in DSM, including low-income residential ratepayers. For a utility-sponsored program identified as a potential demand-side resource, the utility's ~~plan~~ **IRP** shall, at a minimum, include the following:

(1) A description of the demand-side program considered.

(2) ~~A detailed account of utility strategies designed to capture lost opportunities.~~
~~(3)~~ The avoided cost projection on an annual basis for the forecast period that accounts for avoided generation, transmission, and distribution system costs, as well as other short and long term costs. The avoided cost calculation must reflect timing factors specific to resources under consideration such as project life and seasonal operation.
~~(4)~~**(3)** The customer class or end-use, or both, affected by the program.
~~(5)~~**(4)** A participant bill **impact** projection and participation incentive to be provided in the program.
~~(6)~~**(5)** A projection of the program cost**s** to be borne by the participant.
~~(7)~~**(6)** Estimated energy (kWh) and demand (kW) savings per participant for each program.
~~(8)~~**(7)** The estimated program penetration rate and the basis of the estimate.
~~(9)~~**(8)** The estimated impact of a **DSM** program on the utility's load, generating capacity, and transmission and distribution requirements.

(c) A utility shall consider **a range of** supply-side resources **including cogeneration and non-utility generation** as alternative**s** in meeting future electric service requirements. **This range shall include commercially available resources or resources the director may request as part of a contemporary issues technical conference.** The utility's ~~plan~~ **IRP** shall include, at a minimum, the following:
(1) Identify and describe the resource considered, including the following:
(A) Size (MW).
(B) Utilized technology and fuel type.
(C) Additional transmission facilities necessitated by the resource.
(2) ~~Significant environmental effects, including the following:~~
~~(A) Air emissions.~~
~~(B) Solid waste disposal.~~
~~(C) Hazardous waste and subsequent disposal.~~
~~(3) An analysis of how a proposed generation facility conforms with the utility-wide plan to comply with the Clean Air Act Amendments of 1990.~~
~~(4)~~ A discussion of the utility's effort to coordinate planning, construction, and operation of the supply-side resource with other utilities to reduce cost.

(d) A utility shall ~~identify~~ **consider new or upgraded** transmission ~~and distribution~~ facilities ~~required to meet, in an economical and reliable manner, future electric service requirements~~ **as a resource in meeting future electric service requirements, including new projects, efficiency improvements, and smart grid resources.** The ~~plan~~ **IRP** shall, at a minimum, include the following:
(1) ~~An analysis of transmission network capability to reliably support the loads and resources placed upon the network.~~
~~(2) A list of the principal criteria upon which the design of the transmission network is based. Include an explanation of the principal criteria and their significance in identifying the need for and selecting transmission facilities.~~
~~(3)~~ A description of the timing and types of expansion and alternative options considered.
~~(4)~~ **(2)** The approximate cost of expected expansion and alteration of the transmission network.
(3) A description of how the IRP accounts for the value of new or upgraded transmission facilities for the purposes of increasing needed power transfer capability and increasing the utilization of cost effective resources that are geographically constrained.
(4) A description of how:
(A) IRP data and information are used in the planning and implementation processes of the RTO of which the utility is a member; and
(B) RTO planning and implementation processes are used in and affect the IRP.

(Indiana Utility Regulatory Commission; 170 IAC 4-7-6; filed Aug 31, 1995, 9:00 a.m.: 19 IR 22; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)

SECTION 10. 170 IAC 4-7-7 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-7 Selection of future resources

Authority: IC 8-1-1-3
Affected: IC 8-1-8.5; IC 8-1.5

Sec. 7. (a) In order to eliminate nonviable alternatives, a utility shall perform an initial screening of all future resource alternatives listed in sections 6(b) through **6**(c) of this rule. The utility's screening process and the decision to reject or accept a resource alternative for further analysis must be fully explained and supported **in, but not limited to, a resource summary table. The following information must be provided for a resource selected for further analysis:**

(1) Significant environmental effects, including the following:

(A) Air emissions.

(B) Solid waste disposal.

(C) Hazardous waste and subsequent disposal.

(D) Water consumption and discharge.

(2) An analysis of how existing and proposed generation facilities conform to the utility-wide plan to comply with existing and reasonably expected future state and federal environmental regulations, including facility-specific and aggregate compliance options and associated performance and cost impacts.

(b) Integrated resource planning includes one (1) or more tests used to evaluate the cost-effectiveness of a demand-side resource option. A ~~cost-benefit~~benefit-cost analysis must be performed using the following tests except as provided under subsection (e):

(1) Participant cost **test** **(PCT)**.

(2) Ratepayer impact measure (RIM).

(3) Utility cost test (UCT).

(4) Total resource cost test (TRC).

(5) Other reasonable tests accepted by the commission.

(c) A utility is not required to express a test result in a specific format**, however results should include at least the total costs and total benefits used in each calculation as well as the benefit-cost ratio for the specified test.**. ~~However, a~~A utility must, in all cases, calculate the net present value of the program impact over the life cycle of the impact. A utility shall also explain the rationale for choosing the discount rate used in the test.

(d) A utility is required to:

(1) specify the components of the benefit and the cost for each of the major tests; and

(2) identify the equation used to **calculate** the result.

(e) If a particular cost-effectiveness test in subsection (b) cannot be performed for a DSM program because the costs or benefits for that test cannot be quantified for that DSM program, ~~If a reasonable cost-effectiveness analysis for a demand-side management program cannot be performed using the tests in subsection (b),~~for example a program with no participant cost making it impossible to perform the participant cost test, or where it is difficult to establish an estimate of load impact, such as a generalized information program, the cost-effectiveness test or tests that cannot be performed are not required for that DSM program.

(f) To determine cost-effectiveness, the RIM test must be applied to a load building program. A load building program shall not be considered as an alternative to other resource options.

(Indiana Utility Regulatory Commission; 170 IAC 4-7-7; filed Aug 31,1995, 9:00 a.m.: 19 IR 23; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)

SECTION 11. 170 IAC 4-7-8 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-8 Resource integration

Authority: IC 8-1-1-3**; IC 8-1-8.5-3**
Affected: IC 8-1-8.5; IC 8-1.5

Sec. 8. **(a) The utility shall develop candidate resource portfolios from the selection of future resources in section 7 and provide a description of its process for developing its candidate resource portfolios, including a summary of stakeholder feedback received during the public participation process outlined in 170 IAC 4-7-2.1 and how the utility used that feedback in its resource selection process.**

(b) ~~A~~ **From its candidate resource portfolios, a** utility shall select a ~~mix of resources consistent with the objectives of the integrated resource plan. The utility must~~ **preferred resource portfolio and** provide ~~the commission~~, at a minimum, the following information:

(1) Describe the utility's ~~resource plan~~ **preferred resource portfolio**.

(2) Identify the variables, standards of reliability, and other assumptions expected to have the greatest effect on the ~~least-cost mix of resources~~ **preferred resource portfolio**.

(3) ~~Determine the present value revenue requirement of the utility's resource plan, stated in total dollars and in dollars per kilowatt-hour delivered, with the discount rate specified.~~ **Demonstrate that supply-side and demand-side resource alternatives have been evaluated on a consistent and comparable basis, including consideration of safety, reliability, reisk and uncertainty, cost effectiveness, and customer rate impacts.**

(4) Demonstrate that the ~~utility's resource plan~~ **preferred resource portfolio** utilizes ~~, to the extent practical,~~ all ~~economical~~ achievable demand side management, including energy efficiency and load management, technology relying on renewable resources, cogeneration, distributed generation, energy storage, and transmission~~load management, conservation~~~~**demand side management**~~~~, nonconventional technology relying on renewable resources, cogeneration,~~ ~~**distributed generation, energy storage, transmission,**~~ ~~and energy efficiency~~ improvements as ~~sources of new supply~~resources to meet future energy needs.

(5) ~~Discuss how the utility's resource plan takes into account the utility's judgment of risks and uncertainties associated with potential environmental and other regulations.~~

~~(6) Demonstrate that the most economical source of supply-side resources has been included in the integrated resource plan.~~

~~(7)~~ Discuss the utility's evaluation of ~~dispersed~~ ~~generation and~~ targeted DSM programs including their impacts, if any, on the utility's transmission and distribution system for the ~~first ten (10) years of the~~ planning period.

~~(8)~~ **(6)** Discuss the financial impact on the utility of acquiring future resources identified in the utility's ~~resource plan~~ **preferred resource portfolio.** The discussion **of the preferred resource portfolio** shall include, where appropriate, the following:

(A) ~~The~~ Operating and capital costs~~of the integrated resource plan~~.

(B) The average ~~price~~**cost** per kilowatt-hour ~~as calculated in the resource plan. The price~~**, which** must be consistent with the electricity price assumption used to forecast the utility's expected load by customer class in section 5 of this rule.

(C) An estimate of the utility's avoided cost for each year of the ~~plan~~ **preferred resource portfolio**.

(D) ~~The impact of a planned addition to supply-side or demand-side resources~~ ~~on the utility's rate.~~

~~(E)~~ The utility's ability to finance the ~~acquisition of a required new resource~~**preferred resource portfolio**.

~~(9) Identify and explain assumptions concerning existing and proposed regulations, laws, practices, and policies made concerning decisions used in formulating the IRP.~~

(7) Describe how the preferred resource portfolio balances cost effectiveness, reliability, and portfolio risk and uncertainty, including the following.

(A) Identification and explanation of assumptions.

(B) Quantification, where possible, of assumed risks and uncertainties, which shall include compliance with existing and pending regulations.

(C) Quantification, where possible, of assumed risks and uncertainties, which may include, but are not limited to:

(i) environmental and other regulatory compliance;
(ii) public policy;
(iii) fuel prices;
(iv) construction costs;
(v) resource performance;
(vi) load requirements;
(vii) wholesale electricity and transmission prices;
(viii) RTO requirements; and
(ix) technological progress.

(D) An analysis of how candidate resource portfolios performed across a wide range of potential futures.

(E) The results of testing and rank ordering the candidate resource portfolios by key resource planning objectives, including cost effectiveness and risk metric(s). The present value of revenue requirement shall be stated in total dollars and in dollars per kilowatt-hour delivered, with the discount rate specified.

(F) An assessment of how robustness factored into the selection of the preferred resource portfolio.

~~(10)~~ **(8)** Demonstrate, to the extent practicable and reasonable, that the ~~utility's resource plan~~ **preferred resource portfolio** incorporates a workable strategy for reacting to unexpected changes. A workable strategy is one that allows the utility to adapt to unexpected circumstances **quickly and appropriately** ~~and preserves the plan's ability to achieve its intended purpose~~. Unexpected changes include, but are not limited to, the following:

(A) The demand for electric service.

(B) The cost of a new supply-side or demand-side technology.

(C) **Regulatory compliance requirements and costs.**

(D) Other factors which would cause the forecasted relationship between supply and demand for electric service to be in error.

(Indiana Utility Regulatory Commission; 170 IAC 4-7-8; filed Aug 31, 1995, 9:00 a.m.: 19 IR 23; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)

SECTION 12. 170 IAC 4-7-9 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-9 Short term action plan

Authority: IC 8-1-1-3**; IC 8-1-8.5-3**

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 9. A short term action plan shall be prepared as part of the utility's IRP ~~filing or separately~~, and shall cover each of the ~~two (2)~~ **three (3)** years beginning with the IRP submitted pursuant to this rule. The short term action plan is a summary of the ~~resource options or programs contained in the utility's current integrated resource plan~~ **preferred resource portfolio and its workable strategy, as described in 170 IAC 4-7-8(b)(8),** where the utility must take action or incur expenses during the ~~two (2)~~ **three (3)** year period. The short term action plan must include, but is not limited to, the following:

(1) A description of each resource ~~option or program~~ **in the preferred resource portfolio** included in the short term action plan. **The description may include references to other sections of the IRP to avoid duplicate descriptions.** The description must include, but is not limited to, the following:

(A) The objective of the ~~resource option or program~~ **preferred resource portfolio**.

(B) The criteria for measuring progress toward the objective.

~~(C) The actual progress toward the objective to date.~~

(2) ~~The participation of small business in the implementation of a DSM resource option or program.~~

~~(3)~~ **Energy efficiency goals for implementation of energy efficiency that can be produced by ~~reasonably~~ achievable, cost effective plans developed in accordance with 170 IAC 4-8-1 *et. seq*. and consistent with the utilities longer resource planning objectives.**

(3) The implementation schedule for the ~~resource option or program~~ **preferred resource portfolio**.

~~(4) The timetable for implementation and resource acquisition.~~

~~(5)~~ **(4)** A ~~detailed~~ budget **with an estimated range** for the cost to be incurred for each resource or program **and expected system impacts**.

(5) A description and explanation of differences between what was stated in the utility's last filed short term action plan and what actually transpired.

(Indiana Utility Regulatory Commission; 170 IAC 4-7-9; filed Aug 31, 1995, 9:00 a.m.: 19 IR 24; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)

SECTION 13. 170 IAC 4-7-10 IS ADDED TO READ AS FOLLOWS:

170 IAC 4-7-10 Updates

Authority: IC 8-1-1-3**; IC 8-1-8.5-3**
Affected: IC 8-1-8.5; IC 8-1.5

Sec. 10. (a) The utility may provide an update regarding substantial unexpected changes that occur between IRP filings.

(b) Upon the request of the commission or its staff, the utility shall provide the requested updated IRP information.

(Indiana Utility Regulatory Commission; 170 IAC 4-7-10)

SECTION 1. 170 IAC 4-8-1 IS AMENDED TO READ AS FOLLOWS:

ARTICLE 4. ELECTRIC UTILITIES
Rule 8. Guidelines for Demand-Side Cost Recovery by Electric Utilities

170 IAC 4-8-1 Definitions

Authority: IC 8-1-1-3**; IC 8-1-8.5-10**

Affected:; IC 8-1-8.5;

Sec. 1. (a) **The definitions in this section apply throughout this rule.**

(b) , "**A**llowance for funds used during construction" or "AFUDC" means the cost of borrowed funds used for capital expenditures associated with a utility-sponsored DSM program, and a reasonable rate on other funds when so used. AFUDC for capital expenditures shall be recorded in separate subaccounts or their subdivisions in accordance with the FERC or NARUC uniform system of accounts.

() -(c) "**C**ommission" means the Indiana utility regulatory commission.

()

(d) "Commission analysis" means the required state energy analysis developed by the commission under Ind. Code § 8-1-8.5-3.

(e) "**D**emand-side management" or "DSM" means the planning, implementation, and monitoring of a utility activity designed to **achieve energy efficiency or demand response**. DSM includes only an activity that involves deliberate intervention by a utility to alter load shape.

(f) "**D**emand-side measure" or "DSM measure" means a particular end-use device, technology, service, or rate design at a targeted customer's premises or a utility's energy delivery system for a specific DSM program.

(g) "**D**emand-side program" or "DSM program" means a utility program designed to implement ~~a~~ one(1) or more demand-side measures.

(h) "**D**emand-side resource" or "DSM resource" means a resource that reduces the demand for electrical power or energy by applying ~~a~~ one (1) or more demand-side programs ~~to implement one (1) or more demand-side measures~~.

(i) "DSM program costs" are the direct and indirect costs of DSM programs and~~,~~ costs associated with the EM&V of the DSM programs. DSM program costs do~~es~~ not include lost revenues recovered by ~~and~~or performance incentives received by the utility. For the purpose of cost-effectiveness testing, the DSM program costs shall be the costs required for the particular test being performed, as per the standard definition of that cost-effectiveness test.

(j) "Demand response" means a reduction in demand for limited intervals of time, such as during peak electricity usage or emergency conditions.

(**k**) "**E**nd-use" means the light, heat, cooling, refrigeration, motor drive, microwave energy, video or audio signal, computer processing, electrolytic process, or other useful work produced by equipment using electricity.

(**l**) "**E**nergy efficiency" means reduced energy use for a comparable level of energy service. (**m**) "**E**nergy service" means the light, heat, motor drive, and other service for which a customer purchases electricity from the utility.

(**n**) "**E**ngineering estimate" means an estimate of energy (kWh) and demand (kW) impact resulting from a **DSM** measure based on an engineering calculation procedure. An engineering estimate addresses change in energy use of a building or system resulting from installation of a DSM measure. **A**n engineering estimate accounts for the interactive effect between DSM measures **and existing equipment as well as the interactive effect between multiple DSM measures, if applicable.**

(#) "Evaluation, measurement, and verification" or **~~(r)~~ "EM&V" means the ~~independent evaluation, measurement and verification of DSM programs~~collection of methods and processes used to assess the performance of DSM programs.**

(**o**) "**F**ree-rider" means a customer who would have installed a ~~demand-side~~DSM measure without participating in a utility-sponsored DSM program, yet participates in the DSM program and receives an incentive or bonus for participation.

(p) "Gross energy" means the change in energy consumption that

results directly from energy efficiency program-promoted actions taken by ~~energy efficiency~~DSM program participants regardless of the extent or nature of program influences on their actions.

(q) "Gross demand" means the change in demand that results directly from DSM program-promoted actions taken by DSM program participants regardless of the extent or nature of program influences on their actions.

~~**(r) "EM&V" means the independent evaluation, measurement and verification of DSM programs.**~~

(**s**) "**I**ncome effect" means the change in a customer's energy use that is induced by a change in the amount of disposable income available to the customer.

(**t**) "**I**ntegrated resource plan", or "IRP" means a utility's **document submitted to the commission in order to meet the requirement of 170 IAC 4-7.** (**u**) "**L**oad building" means a program intended to increase electricity consumption without regard to the timing of the increased usage.

(**v**) "**L**oad retention" means a program intended to induce customers, that have a bona fide option of switching to alternative sources of energy services or self-generation, to remain as customers.

(**w**) "**L**oad shape" means the time pattern of customer electricity use and the relationship of the level of energy use to a specific time during the day, month, and year.

(**x**) "**L**ost revenue" means the revenue lost**, if any,** less the variable operating and maintenance costs saved as a result of **a** DSM program.**(y) "market effects" means the indirect influence of DSM programs that result in energy and demand savings from program operations that have not been captured during a DSM program's EM&V activities.**

(**z**) "NARUC Uniform System of Accounts" means the rules and regulations governing the classification of accounts for Class C-D private electric utilities and Class A-B-C-D municipal electric utilities, as developed by the National Association of Regulatory Utility Commissioners and adopted by the commission for Indiana electric utilities under 170 IAC 4-2-2.

(aa) "Net energy" means the portion of gross energy that is attributable to the energy efficiency program, including free ridership and spillover.

(bb) "Net demand" means the portion of gross demand that is attributable to the DSM program, including free ridership and spillover.

(**cc**) "**P**articipant" means a utility customer participating in a utility-sponsored DSM program.

(**dd**) "**P**articipation level" means the actual number of customers participating in a specific ~~demand-side~~DSM program relative to the eligible number of customers available to participate in the ~~demand-side~~DSM program expressed as a percentage or a fraction.

(**ee**) "**P**enetration" means the ratio of the number of a specific type of new units installed to the total number of new units installed during a given time.

(**ff**) "**P**ersistence" means the ~~DSM measure's~~ effectiveness of a DSM measure over time. The effectiveness of a DSM measure is represented as the percentage of energy-saving effectiveness remaining in a particular year compared to the initial year of the measure's installation or implementation. The measure of effectiveness is a function of the following two (2) factors:

(1) Equipment degradation.

(2) Consumer behavior.

(**gg**) "**R**ebound effect" means a specific effect where a customer responds to a lower relative cost of electric service by purchasing more electricity in the same end-use where the ~~demand-side~~DSM program is concentrated.

(**hh**) "**R**esource" means a facility, project, contract, or other mechanism used by a utility to provide electric energy service to the customer.

(**ii**) "**S**elf-generation" means an electric generation facility primarily for the customer's own use and not for the primary purpose of producing electricity, heat, or steam for sale to or for the public for compensation.

(jj) "~~s~~Spillover" means additional reductions in energy consumption or demand by program participants, due to program influences beyond those directly associated with DSM program participation.

(**kk**) "**S**upply-side resource" means a resource that provides a supply of electrical energy or capacity, or both, to a utility. A supply-side resource includes the following:

(1) A utility-owned generation capacity addition.

(2) A wholesale power purchase from another utility or non-utility generator.

(3) A refurbishment or upgrading of an existing utility-owned generating facility.
(4) A cogeneration facility.
(5) A renewable resource technology.
(**ll**) "**U**seful life" means the period of time the investment in a measure remains cost-effectively serviceable.
(**mm**) "**U**tility" means **a public utility as defined in IC 8-1-2-1 that furnishes retail electric service to customers in Indiana.**
-(Indiana Utility Regulatory Commission; 170 IAC 4-8-1; filed Aug 31, 1995, 10:00 a.m.: 19 IR 24; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA)

SECTION 2. 170 IAC 4-8-2 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-8-2 Applicability
Authority: IC 8-1-1-3**; IC 8-1-8.5-10**
Affected: **IC 8-1-2-1;** IC 8-1-8.5; **; IC 8-1-13; IC 23-17**Sec. 2. (a) **T**his rule applies to **a utility (as defined in 170 IAC 4-8-1(mm)). This rule does not apply to** the following:
(1) A municipally owned utility **as defined in IC 8-1-2-1(h))**.
(2) **A corporation organized under IC 8-1-13**
(3) A corporation organized under IC 23-17 that is an electric cooperative and that has at least one (1) member that is a corporation organized under IC 8-1-13.
(4) A joint agency created under IC 8-1-2.2**-8**.
(Indiana Utility Regulatory Commission; 170 IAC 4-8-2; filed Aug 31, 1995, 10:00 a.m.: 19 IR 26; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA)

SECTION 3. 170 IAC 4-8-3 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-8-3 Purpose
Authority: IC 8-1-1-3**; IC 8-1-8.5-10**
Affected: IC 8-1-8.5
Sec. 3. (a) In order to facilitate compliance with the **Electric Utility Resource Planning and Certification statute (IC** 8-1-8.5)**, and other federal and state environmental statutes and regulations, as applicable,** the commission has developed a regulatory framework that allows a utility an incentive to meet long term resource needs with both supply-side and demand-side resource options in a least-cost manner and ensures that the financial incentive offered to a DSM program participant is fair and economically justified. The regulatory framework attempts to eliminate or offset regulatory or financial bias against DSM, or in favor of a supply-side resource, a utility might encounter in procuring least-cost resources. The commission, where appropriate, will review and evaluate the existence and extent of regulatory or financial bias.
(b) In order to comply with the National Energy Policy Act of 1992 (16 U.S.C. 2621 and 16 U.S.C. 2622 effective October 24, 1992, P.L.102-486 Stat. 2795), the commission will review and evaluate the impact the utility's proposed demand-side management program may have on small privately owned business, as specified in section 8 of this rule.
(c) To ensure a utility's proposal is consistent with acquiring the least-cost mix of demand-side and supply-side resources to reliably meet the long term electric service requirements of the utility's customers, the commission, where appropriate, will review and evaluate~~, as a package,~~ the proposed DSM programs, ~~DSM~~ cost recovery, lost revenue, and ~~shareholder DSM~~performance incentive mechanisms.
(Indiana Utility Regulatory Commission; 170 IAC 4-8-3; filed Aug 31, 1995, 10:00 a.m.: 19 IR 27; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA)

SECTION 4. 170 IAC 4-8-4 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-8-4 Demand-side management program evaluation

Authority: IC 8-1-1-3**; IC 8-1-8.5-10**
Affected: IC 8-1-8.5

Sec. 4. (a) When seeking commission approval for cost recovery under 170 IAC 4-8-5, ~~DSM incentives~~performance incentives under 170 IAC 4-8-7, or lost revenue under 170 IAC 4-8-6, a utility shall develop **and submit to the commission an EM&V plan**to assess implementation and quantify the impact on energy and demand of the demand-side resource. The **EM&V** plan must include the following:

(1) The type and timing of the measurement activity used to evaluate a demand-side resource.

(2) The process where the result is used to modify the impact estimate for future planning and design of the ~~demand-side~~DSM program.

(3) The procedure employed regarding the following aspects of the evaluation of each program:

(A) Establish a protocol to collect basic data on load impact, participation level, utility costs and benefits, participant costs and benefits, and total costs and benefits. Data must be gathered to determine the load shape impact, net **energy** program savings, useful life of the **DSM** measure, and persistence, including utility actions to optimize market penetration of the program, ~~and~~ minimize freeriders, and measure spillover.

(B) Compare demand patterns of similar participant and nonparticipant groups, through the use of customer bill analysis, engineering estimates, end-use meter data, or other methods to identify the gross **energy, gross demand**, ~~and~~ net **energy, and net demand** impacts of program participation on customers' usage and demand patterns.

(4) A method to measure rebound or the income effect for a program or a sector where the effect may be significant.

(b) A utility shall submit to the commission **and post to the utility's website**, annually, a document containing information, data, and results from the utility's process and load impact evaluation studies.

(Indiana Utility Regulatory Commission; 170 IAC 4-8-4; filed Aug 31, 1995, 10:00 a.m.: 19 IR 27; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA)

SECTION 5. 170 IAC 4-8-5 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-8-5 Cost recovery

Authority: IC 8-1-1-3**; IC 8-1-8.5-10**
Affected: IC 8-1-8.5

Sec. 5. (a) A utility is entitled to recover **prudent DSM program costs on a timely basis through a periodic rate adjustment mechanism. A utility may propose one** (1) or more of the following **alternative** ways **to recovery DSM program costs** as determined by the commission:

(1) The inclusion of the cost in the utility's base rates during a rate case using a balancing account, where appropriate, to reconcile the utility's recovered expenditures. The commission may, where appropriate, limit cost recovery to the utility's actual incurred expenses, if the utility is spending less than the costs authorized by the commission for inclusion in the utility's base rates.

(2) The periodic recovery of the cost incurred in excess of the cost that is included in the utility's base rates.

(3) The inclusion of the capital cost, with accumulated AFUDC, in the utility's rate base during its rate case, amortized over a period set by the commission.

(4) The accumulation, with a carrying charge, of the non-capital cost incurred and not otherwise recovered through the utility's base rates or through periodic adjustments in a deferred account to be amortized over a period set by the commission.

(5) A cost recovery mechanism proposed by the utility, other parties, or the commission.

(b) The commission shall determine the cost recovery mechanism for a ~~demand-side management~~DSM program when the ~~demand-side management~~DSM program is submitted for commission approval.

(c) A utility proposing a load building or load retention program must quantify and document by program specific analysis, the net benefit to the utility's customers, and justify nonparticipant ratepayer funding for the program.

(**d**) Cost recovery of a demand-side management program under this section shall continue as determined by the commission provided that the utility maintains satisfactory **EM&V** activities as specified in section 4 of this rule.

(**e**) In order to ensure that DSM program benefits and costs are allocated between utility shareholders, participants, and nonparticipants in a fair and economical way, the utility must show the commission when a DSM program is reviewed that an incentive paid by the utility to the customer for participating in a DSM program when combined with the reduction in the participant's utility bills:

(1) reflects the net benefit of the DSM program to the utility and all customers; and

(2) minimize cross-subsidies between customer groups and between participants and nonparticipants within a customer group.

(Indiana Utility Regulatory Commission; 170 IAC 4-8-5; filed Aug 31, 1995, 10:00 a.m.: 19 IR 27; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA)

SECTION 6. 170 IAC 4-8-6 IS AMENDED TO READ AS FOLLOWS

170 IAC 4-8-6 Lost revenue

Authority: IC 8-1-1-3**; IC 8-1-8.5-10**

Affected: IC 8-1-8.5

Sec. 6.

(**a**) A utility seeking recovery of lost revenue shall propose for commission review a methodology or process for incorporating a lost revenue recovery mechanism which includes the following:

(1) The **impact** of free-riders in a DSM program.

(2) Spillover and market effects.

(2) The change in the number of DSM program participants between base rate changes

(**3**) A revised estimate of a DSM program specific load impact resulting from **the utility's EM&V** activities.

(c) A utility may propose adoption of an alternative rate design that eliminates the disincentive to pursue DSM programs in lieu of recovery of the utility's reasonable lost revenues. If the commission approves the utility's proposed alternative rate design proposal in a manner that eliminates the utility's disincentive to pursue DSM, a lost revenue recovery mechanism may not be approved.

(Indiana Utility Regulatory Commission; 170 IAC 4-8-6; filed Aug 31, 1995, 10:00 a.m.: 19 IR 28; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-
170130227RFA)

SECTION 7. 170 IAC 4-8-7 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-8-7 Demand-side management performance incentives

Authority: IC 8-1-1-3**; IC 8-1-8.5-10**

Affected: IC 8-1-8.5Sec. 7. (a) A utility may propose a ~~**financial**~~**performance** incentive based on particular attributes of a DSM program and the program's desired results. A ~~**financial**~~ **performance** incentive may include, but is not limited to, the following:

(1) Grant a utility a percentage share of the net benefit attributable to a demand-side management program.

(2) Allow a utility to earn a greater than normal return on equity for a rate based demand-side management expenditure.

(3) Adjust a utility's overall return on equity in response to quantitative or qualitative evaluation of demand-side management program performance.

(b) The commission may terminate, when appropriate, a ~~**financial**~~ **performance** incentive.

(c) A ~~**financial**~~ **performance** incentive shall not provide an incentive payment for a program unless the net kilowatt or kilowatt-hour impact, or both, can be reasonably determined.

(d) Load building and load retention programs are not eligible for ~~**financial**~~**performance** incentives.

(e) A utility must include a**n its EM&V** plan with a **performance** ~~**financial**~~ incentive request as described in section 4 of this rule.

(f) A **performance** ~~**financial**~~ incentive mechanism must reflect the value to the utility's customers of the supply-side resource cost avoided or deferred by the utility's DSM program minus incurred utility DSM program cost.

(g) In order to reflect only the **energy efficiency** and load management impact of a utility-sponsored DSM program, the **performance** ~~**financial**~~ incentive mechanism must ~~exclude the effect of free-riders from~~use the net energy savings, accounting for free riders and spillover, in the incentive calculation.

(h) A **performance** ~~**financial**~~ incentive applicable to a DSM program may be based on pre-specified demand and energy savings until the information on demand and energy savings from **the utility's EM&V** activities becomes available.

(Indiana Utility Regulatory Commission; 170 IAC 4-8-7; filed Aug 31, 1995, 10:00 a.m.: 19 IR 28; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA)

SECTION 8. 170 IAC 4-8-8 IS AMENDED TO READ AS FOLLOWS

170 IAC 4-8-8 Impact of demand-side management on small business

Authority: IC 8-1-1-3**; IC 8-1-8.5-10**Affected: IC 8-1-8.5

Sec. 8. **(a)**Contemporaneously with the commission's approval of a utility's DSM program, the commission shall, under 16 U.S.C. 2621(c)(3)(A) and 16 U.S.C. 2621(c)(3)(B) effective October 23, 1992, do the following:

(1) Consider the impact that implementation of the proposed DSM program would have on small business engaged in design, sale, supply, installation, or servicing of energy efficiency improvements or other demand-side management measures.

(2) If necessary, implement a revision to the proposed DSM program to assure that utility actions would not provide the utility with an unfair competitive advantage over small business.

(Indiana Utility Regulatory Commission; 170 IAC 4-8-8; filed Aug 31, 1995, 10:00 a.m.: 19 IR 29; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA)

SECTION 9. 170 IAC 4-8-9 IS ADDED TO READ AS FOLLOWS

170 IAC 4-8-9 Procedure for DSM Program Approvals
Authority: IC 8-1-1-3; IC 8-1-8.5-10
Affected: IC 8-1-8.5

Sec. 8. (a) An electricity supplier shall file a request for approval of a DSM plan ~~not less than one time~~ every three years beginning no later than December 31, 2017.

(b) A utility applying to the commission for approval of DSM programs shall include the following information in its petition or case in chief:

(1) A DSM plan that includes the description of the each DSM programs proposed by the utility.

(2) A budget for the DSM plan, including budgets for specific DSM programs.

(3) A ~~cost-benefit~~cost-effectiveness analysis of each program separately and for the portfolio of programs specified in the DSM plan as a whole as required by IC 8-1-8.5-10(j)(2) using the following benefit-cost tests:

(A) Participant cost test (PCT).

(B) Ratepayer impact measure (RIM).

(C) Utility ~~C~~cost test (UCT)

(D) Total ~~R~~resource ~~C~~cost test (TRC).

(E) Other reasonable tests accepted by the commission.

A utility is not required to express a test result in a specific format, however results should include at least the total costs and total benefits used in each calculation as well as the benefit-cost ratio for the specified test. A utility must, in all cases, calculate the net present value of the program impact over the life cycle of the impact. A utility shall also explain the rationale for choosing the discount rate used in the test.

(xx) If a particular cost-effectiveness test in subsection (b) cannot be performed for a particular DSM program because the costs or benefits for that test cannot be quantified for that DSM program, for example a program with no participant cost making it impossible to perform the participant cost test, or where it is difficult to establish an estimate of load impact, such as a generalized information program, the cost-effectiveness test or tests that cannot be performed are not required for that DSM program.

(4) Projected changes in customer consumption of electricity resulting from the implementation of the DSM plan.

(5) A description of how the DSM plan is consistent with the commission analysis

(6) A description of how the DSM plan is consistent with the utility's IRP, including providing copies of relevant portions of the utility's most recent IRP.

(7) Identification of any undue or unreasonable preference to any customer class potentially resulting from implementation of ~~an energy efficiency~~a DSM program.

(8) A description of the lost revenues as requested under 170 IAC 4-8-6 or ~~financial~~performance incentives as requested under 170 IAC 4-8-7 that are sought to be recovered or received by the electricity supplier.

(9) The effect, or potential effect, in both the long term and the short term, of the plan on the electric rates and bills of customers that participate in ~~energy efficiency~~DSM programs compared to the electric rates and bills of customers that do not participate.

(c) If a utility chooses to offer a home energy efficiency assistance program for qualified customers as described in IC 8-1-8.5-10(h), it shall not be included in the overall cost effectiveness analysis of a utility's DSM programs; however, all DSM program costs and lost revenues associated with this program shall be fully recoverable.

(e) Contemporaneously with the submission of a DSM plan to the commission, a utility must include the following information:

(1) The name and address, if known, of each individual or entity considered by the utility to be an interested party. The interested parties may include but not be limited to representatives of

(A) residential consumers;

(B) the low-income weatherization and fuel assistance program network;

(C) the environmental community;

(D) businesses, including large C&I end-users;

(E) the manufacturing industry;

(F) energy efficiency experts;

(G) organized labor;

(H) the department of environmental management;

(I) the attorney general;

(J) the housing and community development authority; and

(K) the office of energy development

(L) any person or organization who commented on the utility's latest IRP

(2) A statement that the utility has sent each interested party, **electronically or** by deposit in the United States mail, First Class postage prepaid, a notice of the utility's submission of a DSM plan to the commission. The notice must contain, at a minimum, the following information:

(A) A general description of the subject matter of the submitted DSM plan.

(B) A statement that the commission invites an interested party to submit written comment on the utility's submitted DSM plan

(C) A statement that subsection **(g)** below provides for a ninety (90) day time period~~,~~ to submit written comments.

A utility is not required to separately notice, as provided in this subsection, each of its customers. A utility may, however, individually notify a business, organization, or a particular customer having a substantial interest in the DSM plan.

(3) A statement that the utility has served a copy of the DSM plan on the office of the consumer counselor.

(f) The commission **shall make a submitted DSM plan available:**

(1) on its website; and

(2) to be viewed, inspected, or copied at the office of the commission at 101 West Washington Street, Suite 1500 E, Indianapolis, Indiana 46204**;**

in accordance with IC 5-14-3 and any determination by the commission regarding confidentiality under 170 IAC 1-1.1-4.

(g) A customer or interested party may comment on an DSM plan submitted to the commission. The comments must:

(1) be in writing**;**

(2) received by the commission within ninety (90) days from the date a utility submits an DSM plan to the commission~~.~~

(3) be submitted to the commission:

(A) as a paper original at the address provided in subsection **(f); or**

(B) electronically to the director;

(4) clearly identify the utility upon which written comments are submitted; and

(5) be served upon the utility.

The **director** may extend the filing deadline for submitting written comments.

(Indiana Utility Regulatory Commission; 170 IAC 4-8-9; filed XXXXXX)