INDIEC
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March 31, 2016

Ms. Beth Roads
Mr. Jeremy Comeau
Indiana Utility Regulatory Commission

Dear Ms. Roads and Mr. Comeau:

Indiana Industrial Energy Consumers, Inc. ("INDIEC") appreciates the opportunity to submit comments on the Commission's revised Second Strawman in Proposed Rulemaking No. 15-06. If you have any questions regarding INDIEC's comments, please let me know.

Goal of the IRP Process:

INDIEC has previously expressed its concern over the proposed IRP rule's abandonment of a "least-cost mix of resources" standard in favor of a utility's selection of a "preferred resource portfolio." INDIEC reiterates that concern insofar as the proposed rule continues to seek selection of a "preferred resource portfolio" that "economically, safely and reliably meets electric system demand." 170 IAC 4-7-1(ee).

It remains INDIEC's position that the inclusion of "economically" into the definition of "preferred resource portfolio", as well as the utility's obligation to take into account various "costs" while analyzing and selecting resource portfolios (*see generally* 170 IAC 4-7-7 & -8), represents an inadequate consumer safeguard and is inconsistent with the statutory requirement under Indiana Code § 8-1-2-4 that rates be just and reasonable. In the absence of a discernible standard predicated on minimizing costs to ratepayers (i.e., eliminating unreasonable expenditures by utilities) it is impossible to fulfill the statutory and constitutional mandate.

There are also practical concerns with regard to abandonment of the least cost standard. Replacing a clear "least-cost" standard with a more ambiguous standard places consumers and the Commission at a disadvantage in in assessing the appropriateness of a utility's IRP. From INDIEC's perspective, the proposed rule's requirement that a utility give consideration to "cost", without incorporation of a clear standard as to what cost standard to apply, creates ambiguity in the rule that will make objective analysis of the portfolios selected impossible.

As INDIEC has previously stated, use of least-cost standard does not require that the least-cost plan be selected; only that that the plan balance risk, safety and reliability in a least-cost manner.

Accordingly, INDIEC would again request that the Commission revise the definition of "preferred resource portfolio" to reflect a clear emphasis on cost-effectiveness as follows:

"Preferred resource portfolio" means the utilities selected long-term supply-side resource and demand-side resource mix that safely, **cost effectively**, and reliably meets **customer** electric system demand, **taking cost, risk, and uncertainty into consideration**.

Ratepayer Impact Measure Test:

INDIEC is uncertain why the proposed rule modifies the definition of the RIM test so that it is no longer, expressly, called a "cost-effectiveness" test. To INIDEC's knowledge, the test is defined by the California Practice Standards Manual as a "cost-effectiveness" test, and within the proposed rule the RIM test is included among various other tests (including the UTC, Participant Cost Test, and TRC) which are defined as "cost-effectiveness" tests by the rule. There is no rational basis for the exclusion of the words "cost-effectiveness" from the definition of the RIM test, and that phrase should be re-inserted into the final rule.

Definition of Engineering Estimate:

The proposed definition of "engineering estimate", as presently written, seems to contemplate consideration only of the dynamic interactions between and among DSM programs; not any outside or existing factors. Given that many factors, including "existing equipment" influence the change in energy and demand resulting from the installation of a DSM measure, the definition of "engineering estimate" should not be so narrow as to disregard those influences.

Indeed, if outside influences are not considered, inaccurate or unreliable savings calculations could result, giving rise to inadequate assessment of the benefits derived from a utility sponsored DSM program.

Consideration of the full range of consumer owned generation and resources:

In various parts of the proposed rule, utilities are directed to consider "distributed generation" which is defined as being "ten megawatts or less" and connected at "voltages less than 60 kilovolts." The IRP should also consider larger customer owned generation, in particular the availability, or potential availability, of cogeneration facilities in a utility service territory. The IRP should also consider the availability and potential availability of interruptible power, separate and distinct from "demand response" programs, which can provide significant system wide benefits.

Lost Revenues and Incentives:

Consistent with the language of HEA 412, and a number of recent Commission orders, the proposed rule should insert the word "reasonable" when discussing the recovery of lost revenue and financial incentives. The inclusion of the modifier is not only consistent with the language of HEA 412, but is consistent with the Commission's statutory obligation to approve only "just and reasonable" rates and charges, and protecting ratepayers as part of its broader obligation in regulating monopolistic enterprises by supplying the missing element of competition.

Sincerely,

Jennifer W. Terry

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