

Dr. Brad Borum
Indiana Utility Regulatory Commission
101 West Washington Street, Suite 1500 East
Indianapolis, Indiana 46204

March 6th, 2026

Re: Comments on AES Indiana’s 2025 IRP and Distributed Energy Resources (“DERs”)

Dear Dr. Borum,

Citizens Action Coalition of Indiana, Inc. (“CAC”), Environmental Law & Policy Center (“ELPC”), Solar United Neighbors (“SUN”), and Vote Solar respectfully submit the following comments regarding the 2025 Integrated Resource Plan (“IRP”) of AES Indiana (“AES”) as it relates to distribution planning and distributed energy resources (“DERs”).

We recommend that AES focus on additional opportunities to deploy near-term, “no-regrets” solutions, in particular DERs, to help hedge the risks created by dramatic changes in load forecasts. Many utilities are facing an avalanche of potential load growth, largely from proposed hyperscale data centers but also from growth trends in manufacturing and electrification. These trends are coming at a pace that is difficult to address through Indiana’s three-year resource planning cycle, and create risks for Indiana consumers and the environment due to the generally large, expensive, and polluting nature of new power plants. If large load growth does not materialize as expected, then Indiana ratepayers will be stuck paying for unnecessary infrastructure. Near-term, “no-regrets” clean energy solutions can help mitigate these risks.

One important aspect and value of distribution system planning is articulating and planning for the electric grid we want to have decades into the future, and to create strategic visions for safe, reliable, and affordable grids as customers deploy increasing amounts of distributed energy resources. As the value of this opportunity grows, so does the importance of aligning distribution system, transmission, and resource planning. The integration of high levels of distribution grid-connected resources, while co-optimizing those resources with bulk system generation in order to minimize costs and maintain reliability, requires further enhancements to distribution planning.

The conventional utility planning approach for DERs (to the extent they account for DERs at all) is to treat them as an exogenous variable in capacity expansion modeling. Like weather or the economy, DER growth is viewed as something that “happens to” the utility and needs to be planned around, rather than something that the utility can affect through its own actions. In fact, DERs can bring great value to a Company’s customers and can be utilized as a tool for providing safe and reliable utility service.

In the past, CAC has recommended that utilities conduct distribution system planning as part of its IRP process and consider building tools and deploying platforms that enable

the implementation of programs that deploy non-wires alternative concepts to increase system resilience and bring down customer costs. While we appreciate the headway that AES has made and the continued collaboration with stakeholders, we believe that AES incorporated DERs in a largely limited and traditional manner in its IRP. DERs appear primarily as bundled demand-side resources and scenario inputs, rather than as a resource that can be tapped to meet system needs.

We reiterate the following recommendations and ask that AES update its IRP to begin this important work now:

- **Allow DG solar and other DERs to be included as resources eligible for selection in modeling**

DERs should be fully modeled as selectable supply-side capacity resources competing against utility-scale generation, as opposed to the incorporation of DERs as demand-side, load-modifying resources. Customer demand for residential solar continues to grow.¹ We would like to see customer-sited DG solar specifically modeled symmetrically as a supply-side resource. While the Company's Plan includes forecasts of customer-sited solar adoption, it does not model customer DG solar as a selectable resource competing directly with utility-scale supply options.

AES's Plan describes external economic and policy factors affecting DG adoption, though it provides limited analysis of additional programmatic actions within the Company's control that could cost-effectively accelerate DG solar deployment for a larger system benefit. We request that AES fully analyze the true value of DG solar resources within the scope of its Plan to ensure these resources have fair consideration vis-a-vis other supply-side resources that the Company is planning to acquire through its Plan. This analysis would include a full evaluation of the value of DG solar resources, including the benefits these resources can create for distribution and transmission systems (e.g., deferred or avoided investments, mitigated congestion, reduced line losses, etc.), in addition to the capacity benefits more typically analyzed. The costs of the DER resources offered to the model as a supply side resource should only reflect the cost to the utility of measures it takes to increase adoption; it should not reflect the cost of the customer's investment in their DER.

- **Set DER deployment targets consistent with current IRP high adoption scenarios; AES should be required or strongly encouraged to explain how its distribution plan will put the Company on track to meet or exceed the level of DER deployment in its IRP**

We recommend that AES work with technical experts and stakeholders to proactively plan investments in hosting and other necessary system capacity to allow DG and EV additions consistent with DER deployment targets. The Company should use DER and electrification analysis in load and potential studies to plan distribution system investments necessary to increase hosting capacity on circuits where it expects

¹AES Indiana 2025 Integrated Resource Plan Volume I, Page 44.

increasing distributed generation deployment, or where adding DER would provide grid value.

- **Explore options for incentivizing customers to adopt DERs, which can lower system costs while also increasing resilience**

While AES acknowledges the customer adoption of DERs and evaluates such demand-side programs in their IRP, the Company did not propose robust DER-targeted incentive frameworks and remains in an early phase of exploration. We request that AES model distributed generation with and without an incentive structure and then utilize these projections as a resource for the preferred IRP portfolio. Some of us have used the “Hittinger model” in Minnesota,² and we have used the “dGen model” in Michigan³; we believe that these models are great starting points for AES to begin with. *See also the section on DCPs and VPPs below.*

- **Take proactive steps to further integrate distribution-level planning into the IRP process to optimize the grid for increased DER adoption**

We would like to see the Company conduct advanced forecasting to better project the levels of DER deployment at a feeder level, leveraging the capabilities of its advanced planning tools to identify opportunities and needs at a granular level. AES should plan for aggregated DERs to provide system value including energy/capacity during net peak hours in all seasons. Note that several utilities and states are exploring the use of aggregated DERs as “virtual power plants” to provide an array of bulk and distribution system services. The Company should explore similar customer DER programs in its future rate cases and IRPs as a tool to avoid or defer traditional distribution upgrades in addition to providing energy and capacity benefits.

- **Model Grid Enhancing Technologies (GETs) to enable a smarter, more flexible, and more cost-effective transmission system**

AES does not appear to have explicitly modeled GETs as potential transmission solutions in the capacity expansion analysis. Utility experience demonstrates that GETs can quickly and cost-effectively improve the performance and reliability of the transmission system.

- **Update its 2025 IRP to include an analysis of two DER portfolios**

We also recommend that AES analyze two complementary DER portfolios (DCP and VPP) in its 2025 IRP, primarily to hedge against extreme seasonal price imbalances. We recommend continued and strengthened analysis of the following programs:

² Joint Comments of Vote Solar, Institute for Local Self Reliance, the Environmental Law & Policy Center, and Cooperative Energy Futures, In the Matter of Xcel Energy’s 2020-2034 Upper Midwest Resource Plan, PUC Docket No. E002/RP-19-368. February 11, 2021.

³ <https://www.nlr.gov/analysis/dgen/about-dgen>

Deploying Distributed Capacity Procurement (DCP)

Under a DCP, the utility runs competitive solicitations for distribution-connected “hybrid” projects at customer sites, with front-of-the-meter (FTM) systems and utility-controlled assets. Ownership models can be determined in program design. Rather than rely on new central-station builds that face interconnection delays and supply chain constraints, the utility identifies constrained feeders and invites parties to supply distribution-connected solar-plus-storage projects. This approach offers several compelling advantages for AES:

- Immediate Implementation: Because the program costs, hourly input, and MISO accredited values map directly onto existing IRP inputs, it can be evaluated as soon as feeder deferral values are quantified.
- Supply Chain Resilience: Smaller, distributed projects face fewer supply chain bottlenecks than utility-scale developments and can be deployed more rapidly to meet near-term capacity needs while still being cost-competitive with larger resources.
- Local Economic Benefits: DCP supports local contractors and creates economic development opportunities across AES’ service territory.

Preparing for Companion Virtual Power Plants (VPPs)

While DCP tackles known feeder constraints with front-of-meter solutions, VPPs harness behind-the-meter, customer-provided PV, batteries, EV, chargers, and flexible loads to supply bulk-system capacity and flexibility.

Modeling VPPs rigorously requires customer-adoption curves and incentive analysis that extend beyond the data needed for DCP. Therefore, we continue to recommend that AES:

- Model DCP to lock in feeder-level capacity and deferral benefits with well-understood inputs;
- Retain “placeholder” VPP scenarios (e.g. 50 MW, 150 MW build cases) using default assumptions, to signal that a fuller VPP analysis will accompany the next IRP setting goals for peak demand reduction resulting from scaling VPPs; and
- Begin developing BTM VPP programs in the interim outside of the resource planning process. The Solar United Neighbors (SUN) Model Tariff provides a great starting point for VPP program implementation and the ability to scale programs quickly and cost-effectively.

DCP and VPP programs directly address key challenges, including interconnection queue congestion, load growth pressures, and cost management. Modeled in 50-megawatt blocks whose capital charges are offset by transparent distribution- and transmission-deferral credits, a DCP lets AES secure firm, clean capacity at significantly lower summer price(s) while postponing millions in feeder and network upgrades—all without wrestling with retail-rate or adoption uncertainty. A companion VPP scenario ensures that the IRP also tests the broader customer-side opportunity that will become increasingly valuable as Indiana’s grid evolves. Together, these resources position AES to meet its decarbonization goals while managing costs and maintaining reliability.

Conclusion

We ask that the Company begin this work now to ensure that AES customers can fully realize the benefits of a clean, affordable, and equitable electric grid through accelerated deployment of DERs and GETs on an optimized distribution and transmission system. We are ready to supply detailed inputs and technical support to help AES evaluate both resources and build a flexible, least-cost DER roadmap for Indiana's energy future. The economic case is promising, the technology is proven, and the regulatory pathway is established—making 2026 the ideal time to integrate distributed resources into AES's strategic planning. We stand eager to assist as soon as practicable.

Respectfully submitted,

Citizens Action Coalition
Environmental Law & Policy Center
Solar United Neighbors
Vote Solar