From: Rebecca TeKolste <rtekolste@hecweb.org>
Sent: Thursday, January 29, 2026 10:43 AM
To: bborum@urc.in.gov <bborum@urc.in.gov>
Subject: AES Indiana 2025 Integrated Resource Plan

Dear Commissioners:

The Hoosier Environmental Council appreciates the opportunity to provide comments on AES Indiana's 2025 Integrated Resource Plan. HEC is Indiana's largest environmental advocacy organization and works to protect public health, advance responsible energy policy, and ensure that Hoosiers benefit from an affordable, reliable, and sustainable energy system.

While HEC recognizes the complexity of resource planning amid changing load forecasts, the 2025 IRP raises concerns regarding increased reliance on natural gas, the treatment of large-load data centers, the modeling assumptions used to justify new fossil infrastructure, and the resulting impacts on ratepayers, public health, and Indiana's long-term climate goals.

1. **Increased Reliance on Natural Gas Is Inconsistent with Environmental Sustainability and Risk Management**

The 2025 IRP reflects an overall increase in natural gas capacity. As the projected data center load increases, this reliance increases. While we appreciate AES's commitment to retiring coal plants, the increased reliance on natural gas compared to the 2022 IRP stands to increase AES's overall carbon impact significantly.

While HEC recognizes that the modeling that AES used to select natural gas looked at a number of factors, our analysis showed that the models selected did not include a full range of scenarios that would allow AES to full consider the potential market fluctuations that would have made cleaner technologies more favorable.

AES Indiana's modeling assumes declining or stable natural gas prices under several scenarios, despite growing regional and national demand driven by data centers, LNG exports, and electrification. Additionally, the inclusion of the "Stable Markets" scenario makes the assumption that prices will decrease to pre-pandemic level, and the cost of fuel will go down, both of which are unlikely given current trends in the overall US economy. By weighting this scenario on equal footing with the other scenarios, AES understates financial and operational risks to customers by depending so heavily on gas.

Because these scenarios were emphasized so heavily, while all environmental factors were pushed into one scenario (which incorporated public incentives but did not include the assumption that clean technology installations will continue to decrease in cost on its own), the model may have underestimated the favorability of wind and solar overall.

2. **Data Centers Should Require Distinct and Heightened Regulatory Scrutiny**

HEC is particularly concerned that the IRP treats data center load growth as functionally equivalent to native residential and commercial demand. Data centers are not homes, hospitals, or Hoosier employers embedded in local communities. They are often owned by out-of-state corporations whose profits leave Indiana while environmental and infrastructure costs remain in Indiana.

The IRP's preferred portfolios demonstrate that, absent high regulatory constraints, AES Indiana plans to serve data center growth primarily with natural gas generation (with some battery storage), rather than leaning more heavily on renewable energy resources. This approach prioritizes speed and convenience over long-term sustainability and is inconsistent with the state's environmental policy pillar.

HEC urges the Commission to apply greater scrutiny to proposals that use carbon-emitting resources to serve speculative or non-native large loads and to consider whether additional legislative or regulatory guardrails are needed to prevent data centers from driving fossil fuel expansion.

3. **Carbon Intensity Is an Inadequate Metric while Total Emissions Are Increasing**

AES Indiana emphasizes declining carbon intensity over time, but this metric is misleading in the context of rapidly growing load. Total carbon emissions increase substantially across nearly all modeled scenarios, in some cases more than doubling compared to non–data center cases.

The 2022 IRP's most carbon-intensive scenario resulted in approximately 101.9 million metric tons of CO_2 over its modeling horizon. Nearly every scenario in the 2025 IRP exceeds that total, even when accounting for differences in time horizon. The climate, public health, and environmental impacts are driven by total emissions, not emissions per kilowatt-hour. Indiana communities should not bear the costs of increased pollution simply because the denominator has changed.

4. **The Plan to Support Data Centers Creates Cost Allocation and Affordability Risks**

AES Indiana suggests that increased load from data centers could create downward pressure on rates by spreading infrastructure costs across more kilowatt-hours, but a downward impact to rates is not clear from our analysis. Many of the investments proposed in the IRP may be necessitated by data center demand; absent these large-load customers, much of the generation and transmission infrastructure might not be required, and with HB1007 (2025) only requiring 80% of these costs to be paid by the large load user, 20% of these costs could be paid by ratepayers.

Additionally, if generation and transmission are expanded to support data centers that ultimately shut down before these generation assets retire, these assets could be stranded with costs being passed onto ratepayers.

While data centers might support some transmission and distribution upgrades that would benefit all users, the overall affordability impact of their construction is not clear based on the information available today. The unknown nature of the AI ecosystem must be taken into account before additional carbon-based generation assets are approved, especially when some costs could be passed onto Hoosier ratepayers.

In conclusion, Hoosier Environmental Council is concerned about AES's reliance on gas to serve data center demand and the modeling scenarios which led to this conclusion. We urge AES to consider other alternatives that would not push risk to consumers in the form of both variable fuel cost and environmental pollution.

Thank you for your consideration.

Very best wishes,
Rebecca