

**Joint Stakeholders' Comments on
2018 DRAFT Statewide Analysis of Future
Resource Requirements for Electricity**

Submitted to the IURC on August 17, 2018

Citizens Action Coalition of Indiana

Hoosier Environmental Council

Indiana Distributed Energy Alliance (IndianaDG)

Indiana State Conference of the NAACP

Indy Green Congregations

Sierra Club Hoosier Chapter

Valley Watch

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**JOINT COMMENTS ON THE COMMISSION’S DRAFT STATEWIDE ANALYSIS
OF INDIANA’S FUTURE RESOURCE REQUIREMENTS FOR ELECTRICITY**

Citizens Action Coalition of Indiana, Hoosier Environmental Council, Indiana Distributed Energy Alliance (IndianaDG), Indiana State Conference of the NAACP, Indy Green Congregations, Sierra Club Hoosier Chapter, and Valley Watch, Inc. (together, “Joint Stakeholders”), respectfully submit these comments on the Indiana Utility Regulatory Commission’s (“Commission”) Draft Statewide Analysis of Future Resource Requirements for Electricity (the “Draft Statewide Analysis”). Joint Stakeholders are a diverse group representing a variety of interests, including advocates for the public, residential consumers, coal industry and environmental representatives. These parties have come together despite differences they might have on individual issues to submit these joint comments addressing the Joint Stakeholders’ common concerns. The Joint Stakeholders worked together to prepare these Joint Comments due to the importance of having a fair, accurate and complete analysis upon which to base the Commission’s statutorily-required statewide analysis under Indiana Code § 8-1-8.5-3(c): “The commission shall consider the analysis in acting upon any petition by the utility for construction.”

I. Introduction

Joint Stakeholders express their appreciation for the efforts of the Commission and the Commission Staff on the first draft of a difficult project tasked with carrying out the legislative directive of “an analysis of the long-range needs for the expansion of facilities for the generation of electricity.” The General Assembly has outlined a process for the Commission to utilize its judgment to develop a comprehensive statewide energy analysis. The Statewide Analysis will provide guidance to assist the industry, consumer advocates and interested stakeholders in evaluating certain optimum conditions and a mix of resources such that annual systematic resources planning can finally be undertaken in Indiana on a statewide basis. The very first Statewide Analysis deserves the time and effort to get it right, and in doing so, can streamline future annual updating. The Indiana General Assembly assigned the Commission an important task to create this Statewide Analysis. The Joint Stakeholders implore the Commission to ensure the first Statewide Analysis as robust and transparent as possible, both in process and substance.

As a threshold matter, the Commission Staff's Draft Statewide Analysis should address all statutory requirements, since the Commission must consider the analysis in acting upon any petition by any utility for construction under I.C. ch. 8-1-8.5 *et seq.* In addition, the Commission should consider the interrelated nature and timing of the Statewide Analysis with other resource-related proceedings, such as demand-side management cases under I.C. § 8-1-8.5-10, certificates of public convenience and necessity under I.C. 8-1-8.5-5, the on-going cycle of Integrated Resource Plans, and the transmission, distribution and storage system improvement charge proceedings ("TDSIC") under I.C. ch. 8-1-39.

For the reasons detailed below, Joint Stakeholders encourage the Commission to revise and enhance the Draft Statewide Analysis to meet the requirements envisioned by the Indiana General Assembly for decision-making regarding the need for generating resources in Indiana. Joint Stakeholders also encourage the Commission to broaden public participation in the development of its Analysis and consider the limitations of the identified information sources currently relied upon. The Commission is mandated to consider its Analysis in cases that will implicate billions of ratepayer dollars in future Indiana generation investments. The Commission should revisit the statutory requirements, and effectuate an open, formal process by which all interested parties may participate, and develop the Statewide Analysis accordingly.

II. Concerns Regarding the Timeline of Draft Statewide Analysis' Development

On April 11, 2018, the Commission issued General Administrative Order 2018-2 (the "GAO") wherein the Commission delegated to its staff the preparation of the Statewide Analysis to meet the requirements of Ind. Code § 8-1-8.5-3 ("Section 3"). Appendix A to the GAO directs the Commission staff to post the final Statewide Analysis to the Commission's website in time for the Statewide Analysis to be included in the Commission's Annual Report and/or provided to the Governor and the appropriate committees of the General Assembly by October 1st of each year pursuant to Ind. Code § 8-1-1-14(a).

The Commission published on its website a Draft Statewide Analysis on June 20, 2018. The Commission set a public hearing for July 13, 2018 to receive comments on the Draft Statewide Analysis

and indicated that parties may file written comments on the Draft Statewide Analysis on or before July 20, 2018. The Commission then received a request for an extension of time to file comments on the Draft Statewide Analysis from a group representing various consumer interests, and as a result, extended the hearing date to August 10, 2018 and the comment deadline to August 17, 2018.

Thus, the Commission put the development of its initial Statewide Analysis on a very short five-month timeframe (i.e., between when the GAO was issued in April and the October 1st deadline for the Annual Report). The opportunity to comment on the Draft Statewide Analysis is appreciated, however, Joint Stakeholders are concerned about the process for this draft development. The Draft Statewide Analysis relies heavily on the utilities' IRPs and the 2017 SUFG Report. Because of the vast array of potential uses of the Statewide Analysis, the Joint Stakeholders urge the Commission to engage in robust and transparent discussions concerning the strengths and weaknesses of the data the Commission is directed by the statute to use, the weighing and reconciliation of sometimes contradictory information, as well as an understanding of exactly how this annual analysis will be utilized in consideration of future CPCN cases.¹

III. Statutory Criteria for Commission's Statewide Resource Analysis

Indiana Code § 8-1-8.5-3 requires the Commission to prepare and annually update a Statewide Analysis to address the long-range needs for expansion of electric generation facilities. The required scope of the Statewide Analysis includes:

1. The probable future growth of the use of electricity;
2. The probable needed generating reserves;
3. In the judgment of the commission, the optimal extent, size, mix, and general location of generating plants;
4. In the judgment of the commission, the optimal arrangements for statewide or regional pooling of power and arrangements with other utilities and energy suppliers to achieve maximum efficiencies for the benefit of the people of Indiana; and
5. The comparable costs of meeting future growth by other means of providing reliable, efficient, and economic electric service, including purchased power, joint ownership of

¹ Joint Stakeholders appreciate General Counsel Helene's statement on the record at the August 10, 2018 hearing that "The Statewide Analysis is not an energy plan nor does it pre-judge current or future electric generation decisions by the utilities." Transcript, Opening Statement.

facilities, refurbishments of existing facilities, conservation (including energy efficiency), load management, distributed generation, and cogeneration.²

At the most basic level, the Draft Statewide Analysis completely fails to meet at least three out of five of these requirements:

1. ***Probable future growth of the use of electricity:*** The Draft Statewide Analysis includes a compilation of electric demand forecasts from other sources but does not include an original analysis of the future growth of Indiana’s use of electricity. The demand forecasts that it reports on include those of the Indiana utilities, the SUFG and the Midcontinent Independent System Operator (“MISO”).
2. ***Probable needed generating reserves:*** The Draft Statewide Analysis includes information about future generating reserves by copying and pasting information from the utilities’ preferred resource plans and from the SUFG forecast, though this information is not independently analyzed or synthesized in a way that would paint a consistent, Indiana-wide picture.
3. ***The optimal extent, size, mix, and general location of generating plants:*** The Draft Statewide Analysis fails to consider the optimal extent, size, or location of generating plants. Indeed, the Draft Statewide Analysis points out that, “in analyzing the possible future resources, it is important to note that the Commission does not have the capability to predict the location of potential future resources.”³ The optimal resource mix is presented insofar as information about utilities’ preferred resource plans is copied and pasted into the Draft Statewide Analysis. The statutory language requires the Commission to evaluate the optimal extent, size, mix, and general location of generating plants. In its Draft Statewide Analysis, the Commission noted that it “does not have the capability to predict the location of potential future generation resources.”⁴ Thus, the Draft Statewide Analysis does not address the evaluation of optimal arrangements for power plant locations, resource mix, statewide or regional pooling, etc. Nor would the use of separately prepared utility IRPs, the SUFG 2017 Forecast, and other sources based on differing basic assumptions and criteria adequately address this evaluation. One example would be selecting a geographic site for a power plant location. The Joint Stakeholders maintain the statutory language that Commission determine “the optimal...*general* location of generating plants” means that the Statewide Analysis should establish generally where and how future generation should be planned so that the grid’s ability to move electrons to market participants is optimized. This is precisely the issue for which consultation with regional transmission organizations and surrounding state commissions would be appropriate. For example, there may be transmission congestion in one region that should generally inform Commission decisions on the placement of future generation. It is unclear from the Draft Statewide Analysis whether or what consideration the Commission gave to transmission congestion. During the parties’ participation in the

² Ind. Code § 8-1-8.5-3(b).

³ 2018 Draft Statewide Analysis, p. 29.

⁴ 2018 Draft Statewide Analysis, p. 29.

utilities' IRP stakeholder meetings, at least some of the utilities' IRP modeling did not consider transmission congestion.

In addition, there is no indication that the utilities' massive investments in Transmission, Distribution, and Storage System Improvements ("TDSIC") have been considered in either the SUFG 2017 Forecast or the Draft Statewide Analysis. Indiana Ratepayers are paying billions of dollars on infrastructure. The Commission, when approving TDSIC plans, must include "a determination whether the estimated costs of the eligible improvements included in the plan are justified by incremental benefits attributable to the plan." The impact of these utility plans, which are paid for by Indiana ratepayers, should be reflected in the Commission's Statewide Analysis. Like transmission congestion, the Commission should consider or synthesize the state of completed, planned or necessary improvements to a utility's transmission and distribution system as informed by individual or collective TDSIC plans.

4. ***The optimal arrangements for statewide or regional pooling of power and arrangements with other utilities and energy suppliers to achieve maximum efficiencies for the benefit of the people of Indiana:*** The Draft Statewide Analysis does not include consideration of "optimal arrangements for statewide or regional pooling of power" or "arrangements with other utilities and energy suppliers." In fact, the only references to any of these issues in the entire document are when the mandated scope of the analysis is presented on page 3 of the draft.
5. ***The comparative costs of meeting future growth by other means of providing reliable, efficient, and economic electric service, including purchase of power, joint ownership of facilities, refurbishment of existing facilities, conservation (including energy efficiency), load management, distributed generation, and cogeneration:*** The Draft Statewide Analysis contains only a very limited consideration of the "comparative costs of meeting future growth" by non-traditional means such as renewable energy sources, energy efficiency or demand-side management.

Ind. Code § 8-1-8.5-3 includes a more detailed mandate for the Statewide Analysis than the section quoted from the draft Statewide Analysis on the page above. Additional unmet requirements of the Ind.

Code § 8-1-8.5-3 include:

1. ***I.C. § 8-1-8.5-3(a) The commission shall develop, publicize, and keep current an analysis of the long-range needs for expansion of facilities for the generation of electricity.*** The Draft Statewide Analysis does not "develop" or "keep current" "long-range needs for expansion of facilities for the generation of electricity addressed." Instead, it reproduces this information from 2015-2017 utility IRPs.
2. ***I.C. § 8-1-8.5-3(c) The commission shall consider the analysis in acting upon any petition by any utility for construction.*** Given that much of the data in the Draft Statewide Analysis is inconsistent and outdated, it is difficult to see how it could be said to be in ratepayers' or

utilities' best interest for the Commission to consider the existing analysis when "acting upon any petition by any utility for construction".

- 3. I.C. § 8-1-8.5-3(d) In developing the analysis, the commission: (1) shall confer and consult with: (A) the public utilities in Indiana; (B) the utility commissions or comparable agencies of neighboring states; (C) the Federal Energy Regulatory Commission; and (D) other agencies having relevant information; and (2) may participate as it considers useful in any joint boards investigating generating plant sites or the probable needs for future generating facilities.** The Draft Statewide Analysis states on page 6 that "Commission staff utilized information from Indiana utilities' IRPs, the Midcontinent Independent System Operator ("MISO"), the PJM Interconnection, LLC ('PJM'), the Federal Energy Regulatory Commission ('FERC), and the U.S. Energy Information Administration ('EIA')." However, it is unclear how the Commission itself conferred and consulted with these other entities or how that information might have been included in the Draft, nor is there any indication that the Commission conferred or consulted with utility commissions in any neighboring states. The Draft Statewide Analysis does not address if, when, or how the commission conferred with the listed entities, or participated "in any joint boards investigating generating plant sites or the probable needs for future generating facilities".
- 4. I.C. § 8-1-8.5-3(f) Insofar as practicable, each utility, the utility consumer counselor, and any intervenor may attend or be represented at any formal conference conducted by the commission in developing an analysis for the future requirements of electricity for Indiana or this region.** Ind. Code § 8-1-8.5-3(f) states that insofar as practicable, each utility, the utility consumer counselor, and any intervenor may attend or be represented at any formal conference conducted by the commission in developing an analysis for the future requirements of electricity for Indiana or this region. This statutory requirement regarding process is to ensure meaningful stakeholder participation. The use of the terms "intervenor" and "formal conference" in Section 3(f) indicate a more formal procedure is contemplated than what is envisioned by the GAO. The GAO merely discusses the Commission staff preparing an initial draft in or around May, any person or entity submitting information and written comments on the Draft Statewide Analysis, the Commission holding at least one public hearing similar to a rulemaking public hearing in or around June, the Commission staff having individual meetings (with no discussion about how the information discussed in those meetings will be shared and available for comment by persons and entities not in these individual meetings), and ultimately the posting of the final Statewide Analysis. And while Section 3(f) of the statute states that proceedings are to be "conducted by the commission," the GAO envisions only informal meetings that do not match the process the Commission has followed pursuant to its GAO. The Indiana General Assembly entrusted the Commission, with its unique expertise and resources, to create an independent Statewide Analysis that will be one of the most important tools for the evaluation of Indiana's energy decisions. Because the Statewide Analysis is intended to serve as a comprehensive yardstick against which the Commission measures requests to build expensive new generation capacity to be paid for by ratepayers, it is vitally important that the Commission follow a procedure that is deliberate, thorough, and transparent to all stakeholders.

IV. Concerns with the Commission’s Approach

The Draft Statewide Analysis uses data that is outdated, not entirely relevant for the current period, or not completely suitable to make accurate forecasts of energy demand and resources needed. The Draft Statewide Analysis includes forecasts published as long ago as 2015, which relies on 2014 data, and is largely a compilation of information taken from pre-existing reports prepared by others, including:

1. Data and information extracted from Indiana utilities’ Integrated Resource Plans (“IRPs”) filed from 2015 through 2017;⁵
2. The December 2017 report by the SUFG entitled, “Indiana Electricity Projections: The 2017 Forecast” (“SUFG 2017 Forecast”);
3. Other sources such as the 2018 Annual Energy Outlook published by the Energy Information Administration in February 2018, and;
4. Selected information from MISO and PJM.

While the Commission should consider all of the foregoing information, it should be used as an input, and not a substitute, for the Commission’s independent analysis as envisioned by the statute.

A. Undue Deference to IRPs

The IRPs submitted by each of the utilities are the foundation of the Draft Statewide Analysis. Indeed, the second paragraph of the Draft Statewide Analysis treats the IRPs as a credible and reliable starting point for the Draft Statewide Analysis where the Commission states in footnote 1: “Indiana utilities utilize state-of-the-art analysis and work with their stakeholders to develop credible Integrated Resource Plans.” However, the quality of the modeling differs from one utility to the next.

Despite differing assumptions, forecasts, and methodologies, the Draft Statewide Analysis takes at face value the results of each utility’s modeling. Each utility’s IRP is based on widely divergent methods and assumptions. With respect to defining important concepts, the Draft Statewide Analysis provides a list of definitions and acronyms in Appendix 8, but the list does not include information on inputs, methods, and assumptions. These differences are not discussed, or even mentioned, in the Draft Statewide Analysis. Without a critical examination of the assumptions used by the utilities, it is not possible for stakeholders to evaluate the plausibility of the different scenarios used by each, to compare

⁵ 2018 Draft Statewide Analysis, p. 1.

these results, and—above all—to aggregate these results with the purpose of assessing the energy needs of the state.

The Draft Statewide Analysis also explains that “IRP’s typically will analyze multiple scenarios, or possible states of the world, to bracket differences between forecasts.”⁶ While the Draft Statewide Analysis presents the utilities’ resource needs as produced under the scenarios selected by the utilities, the Draft Statewide Analysis does not discuss the number of scenarios considered or the plausibility of those scenarios. This context for the development of IRP assumptions is particularly important for low-probability scenarios that may have significant impact on the forecasted resource needs. The *Final Director’s Report for the 2016 Integrated Resource Plans* explains that “(d)eveloping low probability, but highly consequential scenarios, as well as more likely scenarios, is consistent with good industry practice.”⁷

Each utility also employs different methodologies, makes different assumptions and considers very different scenarios of uncertain future energy prices,⁸ energy use patterns and expected environmental regulation. Differing methodologies include utilities’ and SUFG’s use of a wide set of different statistical techniques in forecasting electric demand, including econometric analysis based on time-series regression analysis (e.g., Duke, Vectren, IPL), variations of the Statistically Adjusted End-Use (SAE) model (e.g., I&M), and expert judgment of utility staff members or consultants (for example, Hoosier Energy when projecting commercial and industrial energy use and Vectren on a wide variety of assumptions).

One critical assumption on which Indiana utilities differ is the future prices of fuels. The Draft Statewide Analysis fails to reconcile these differences or make explicit differences in fuel price projections across utilities’ IRPs. The *Final Director’s Report for the 2016 Integrated Resource Plans* urges utilities to use more than one projection for fuel prices, where “at least one of these forecasts should

⁶ 2018 Draft Statewide Analysis, p. 21.

⁷ Final Director’s Report for the 2016 Integrated Resource Plans, p. 60.

⁸ See, e.g., CAC et al.’s confidential Summary Report regarding the 2016 IRPs of Vectren, Northern Indiana Public Service Company, and Indianapolis Power & Light.

be a credible forecast in the public domain such as from the U.S. Energy Information Administration (EIA),”⁹ and points out that, in the case of NIPSCO, “(t)he use of a single vendor forecast made the lack of a narrative to articulate the rationale for the forecast more problematic. The fuel forecast narrative is that the price of natural gas and coal is merely a function of demand. This seems to be an over-simplistic explanation to price forecasts for coal and natural gas.”¹⁰ A clear justification of the reasoning behind each projection and the motivations for why it was considered are critical to a full understanding of even the IRP results. The *Final Director’s Report for the 2016 Integrated Resource Plans* explains that “(j)ust as well-reasoned narratives are essential in the construction of scenarios, it is also imperative that well-reasoned narratives support fuel price projections. Even extreme fuel price forecasts should be supported by a credible narrative story.”¹¹ Yet, the Draft Statewide Analysis does not explain either how utilities develop their alternate fuel price assumptions or how they are used in the planning process. The *Final Director’s Report for the 2016 Integrated Resource Plans* recommends that utilities “(i)nclude tables showing how inputs or assumptions compare across scenarios.”¹² This level of comparison is also necessary for the Statewide Energy Analysis, in addition to a critical analysis of how and why these IRP inputs and assumptions are or are not included in the Statewide Energy Analysis.

B. Failure to Incorporate the IRP Stakeholder Process

The Draft Statewide Analysis fails to incorporate the IRP stakeholder process, most notably the Draft and Final Reports on the IRPs written by the Commission’s Director of Research, Policy, and Planning Division. As the Draft Statewide Analysis explains, the Commission has had two pending proposed rules to modify 170 IAC 4-7, with the most-recent draft proposed IRP rule expected to be fully promulgated before the end of 2018.¹³ Nonetheless, the utilities voluntarily agreed to follow the IRP stakeholder process starting with the 2013 IRP submissions.¹⁴ This involves a process by which (1)

⁹ Final Director’s Report for the 2016 Integrated Resource Plans, p. 61.

¹⁰ Final Director’s Report for the 2016 Integrated Resource Plans, p. 23.

¹¹ Final Director’s Report for the 2016 Integrated Resource Plans, p. 61.

¹² Final Director’s Report for the 2016 Integrated Resource Plans, p. 11.

¹³ 2018 Draft Statewide Analysis, p. 5.

¹⁴ 2018 Draft Statewide Analysis, p. 5.

customers or interested parties may participate in meetings prior to the submission of the IRP;¹⁵ (2) customers or interested parties may comment on the IRPs submitted to the Commission;¹⁶ (3) the Director shall issue a draft report on the IRPs;¹⁷ (4) customers or interested parties may file supplemental or response comments after the Director issues the draft report on the IRPs;¹⁸ and (5) the Director shall issue a final report on the IRPs.^{19,20}

The Director's IRP Reports are a critical analysis of the strengths and weaknesses of the various IRPs and addressed the points raised in comments from various stakeholders, rather than simply restating the IRPs' contents as the Draft Statewide Analysis does. No such critical analysis is contained in the Draft Statewide Analysis. In its discussion of the IRPs, the Joint Stakeholders encourage the Commission to analyze and synthesize of the IRP reports prepared by its Director of Research, Policy and Planning. For example, the *Final Director's Report for the 2016 Integrated Resource Plans* identified major issues with the 2015-2016 IRPs and offered areas where the utilities should improve:²¹

Given that future IRPs are going to be increasingly consequential in their ramifications, we urge all utilities to continue their efforts to improve the clarity and explanatory value of their narratives. With the new three-year cycle for IRPs, we recommend the additional time could be used to good effect to solicit input from stakeholders earlier in the process on the data, assumptions, and the development of scenarios and sensitivities. It is expected that stakeholders will also be active participants in this collaboration. The utilities, with input from their stakeholders, should objectively reassess their modeling capabilities and the databases necessary to make full use of state-of-the-art long-term resource modeling.

Yet, the Draft Statewide Analysis still takes these IRPs at face value, creating serious credibility, consistency, and coherency issues with the document. Incorporation of the Director's IRP Reports would benefit the usefulness and accuracy of the Statewide Analysis.

¹⁵ See IURC RM #15-06; LSA #18-127 at 170 IAC 4-7-2.6(c).

¹⁶ See IURC RM #15-06; LSA #18-127 at 170 IAC 4-7-2.2(a).

¹⁷ See IURC RM #15-06; LSA #18-127 at 170 IAC 4-7-2.2(b).

¹⁸ See IURC RM #15-06; LSA #18-127 at 170 IAC 4-7-2.2(c).

¹⁹ See IURC RM #15-06; LSA #18-127 at 170 IAC 4-7-2.2(f).

²⁰ Hoosier Energy, IMPA, and Wabash Valley are not required to undertake a public advisory process during the IRP development, perhaps placing even more importance on the Director's Reports and this Statewide Energy Analysis. See IURC RM #15-06; LSA #18-127 at 170 IAC 4-7-2.6.

²¹ Final Director's Report for the 2016 Integrated Resource Plans, p. 12.

The Commission should also consider the fact that failure to incorporate the critical analysis presented in the Director's Reports on the IRPs in this Draft Statewide Analysis leaves a void, rendering the Draft Statewide Analysis incomplete. The Director's Reports document serious deficiencies in Indiana utilities' IRPs that must be addressed before those IRPs can be relied on in the Statewide Analysis process.

Moreover, the Commission's efforts to incorporate and take advantage of the great number of resources and effort put into the IRP stakeholder process is critical but insufficient. The Statewide Energy Analysis should also fill the void left by the Director's Reports insofar as the Director's Reports on the IRP "shall be limited to commenting on the IRP's compliance with the requirements of the rule" and "shall...not comment on (A) the desirability of the utility's preferred resource portfolio; or (B) a proposed resource action in the IRP."²² The Director's Reports do not comment on the desirability of the utility's preferred resource portfolio or a proposed resource action in the IRP, or anything more than the IRP's compliance with the requirements of the IRP rule. The Statewide Energy Analysis should fill that void, or at the very least should not assume any substantive validity of the IRPs. Rather, as the statute suggests, the IRP should only be one among many factors that the Commission considers and synthesizes as it exercises its informed and impartial judgment about the needs of the entire state. The Draft Statewide Analysis adopts the IRPs in whole rather than including the utilities' perspectives on their future needs more appropriately as one data point among the many needed to form a comprehensive assessment of Indiana's future energy needs and resources.

Finally, while the Joint Stakeholders appreciate the Commission's IRP stakeholder process, since all the decisions ultimately rest with the utilities prior to the submission of the IRPs, the Commission should recognize the limitations in that process. As it currently stands, the Director is unable to require modifications to an IRP. This simply kicks disagreements about the IRP down the road to future dockets where little can be done to remedy them. In other words, the Commission can only make such findings about a certain resource selection through a formal proceeding.

²² See IURC RM #15-06; LSA #18-127 at 170 IAC 4-7-2.2(g).

C. The Need to Account for Disparate Foundational Assumptions

There are deficiencies in the Draft Statewide Analysis resulting from this dependence on pre-existing reports: There are significant differences in each of the sources and assumptions relied upon in the Draft Statewide Analysis, with no indication of any attempted reconciliation of these differences. The Draft Statewide Analysis fails to synthesize information across utilities and therefore does not present a coherent state picture. Rather than providing an analysis of “the future requirements of electricity for Indiana,”²³ the Draft Statewide Analysis is more of a collection of graphs and tables copied and pasted from the individual utilities’ IRPs. It does not include a synthesizing discussion comparing, contrasting or reconciling these disparate forecasts. The graphs and tables reproduced in the Draft Statewide Analysis have different formats, units, cover different periods, and compare non-comparable scenarios across utilities. The Draft Statewide Analysis fails to provide any substantial analysis of the results that it compiles. Instead of reconciling the utilities’ and SUFG’s important differences, the Draft Statewide Analysis simply sets aside these contradictions. In order to produce an independent analysis of the issues as envisioned in the statutory language, it is imperative that the Commission account for these discrepancies so that the ultimate findings that will guide the Commission and the industry are based on cohesive, consistent assumptions.

1. *The State Utility Forecasting Group (“SUFG”) Data Differs from the IRP Data*

The Draft Statewide Analysis provides additional information from the SUFG, but it is presented separately and not as a fully integrated part of the analysis. The SUFG numbers are presented in a separate subsection and no effort is made to reconcile IRP projections with SUFG projections. No explanation is given for why the SUFG’s projections are different than what the utilities expect. For example, the Draft Statewide Analysis provides a table with the projected growth rate of energy and peak demand for each utility over their planning periods. The utilities’ IRP forecasted energy demand compound annual growth rates vary from 0.1 percent (Indiana Michigan Power Co.) to 0.8 percent

²³ Ind. Code § 8-1-8.5-3(h).

(Wabash Valley).²⁴ The SUFG forecasted energy growth rate, however, is 1.12 percent.²⁵ This is also higher than the estimated rate of growth of energy demand presented in the Draft Statewide Analysis for the entire nation—0.9 percent.²⁶ While the Draft Statewide Analysis acknowledges that “the SUFG projects a slightly higher growth in electricity usage across Indiana than the individual utilities do in their IRPs,”²⁷ it does not offer any reason as to why this might be so. The SUFG also projects a higher Indiana peak demand requirements average compound growth rate than the Indiana electric utilities.²⁸

Table 1. Indiana estimated energy and peak demand, by utility and statewide

Utility	Peak Demand	Annual Energy
Indiana Michigan Power Co. (2016-2035)	0.20%	0.10%
IPL (2016-2037)	0.40%	0.50%
NIPSCO (2017-2037)	0.40%	0.30%
SIGECO South (SIGECO) (2016-2036)	0.50%	0.50%
IMPA (2018-2037)	0.50%	0.50%
Hoosier Energy (2018-2037)	0.70%	0.70%
Duke Energy (2016-2035)	0.80%	0.70%
Wabash Valley (2018-2036)	0.80%	0.80%
SUFG (2017-2037)	1.01%	1.12%

Source: 2018 Draft Statewide Analysis, pp. 9 and 17.

Figures 1 and 2, below, show the SUFG’s forecast of Indiana energy demand starting at a lower level in 2018 and then rising more rapidly than the IRP forecasts. The Draft Statewide Analysis suggest that the SUFG treats energy efficiency and other demand-side management (“DSM”) measures differently than the utilities do: “the [SUFG] projections in this forecast are lower than those in the 2015 forecast,

²⁴ 2018 Draft Statewide Analysis, p. 9.

²⁵ 2018 Draft Statewide Analysis, p. 17.

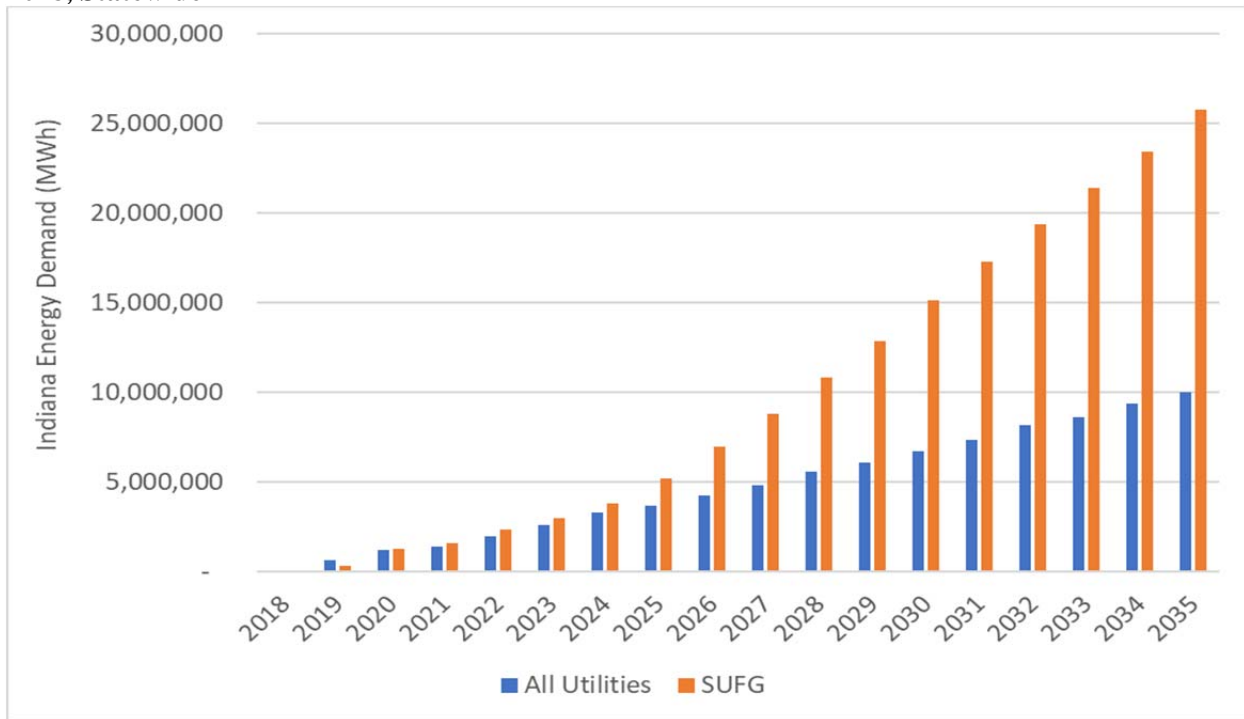
²⁶ 2018 Draft Statewide Analysis, p. 20.

²⁷ 2018 Draft Statewide Analysis, p. 19.

²⁸ 2018 Draft Statewide Analysis, p. 18.

primarily due to increases in energy efficiency and less optimistic economic projections”²⁹ but also points out that “due to time and data limitations, demand-side resources were modeled as fixed quantities based on utility-provided information rather than allowing the model to select the amounts.”³⁰ Personal communications with representatives from SUFG have indicated that the “load forecast is adjusted for the utility DSM as planned at the time the forecast was produced,” but that “due to time and data limitations,” energy efficiency was not modeled dynamically as one resource option of many.³¹ It may be that the utilities provided different energy efficiency data to the SUFG than they use in their IRPs. If so, the Draft Statewide Analysis neither mentions nor reconciles these differences.

Figure 1. Indiana Estimated Energy Demand Shown as Cumulative Difference from Base Year 2018, Statewide³²



²⁹ 2018 Draft Statewide Analysis, p.17.

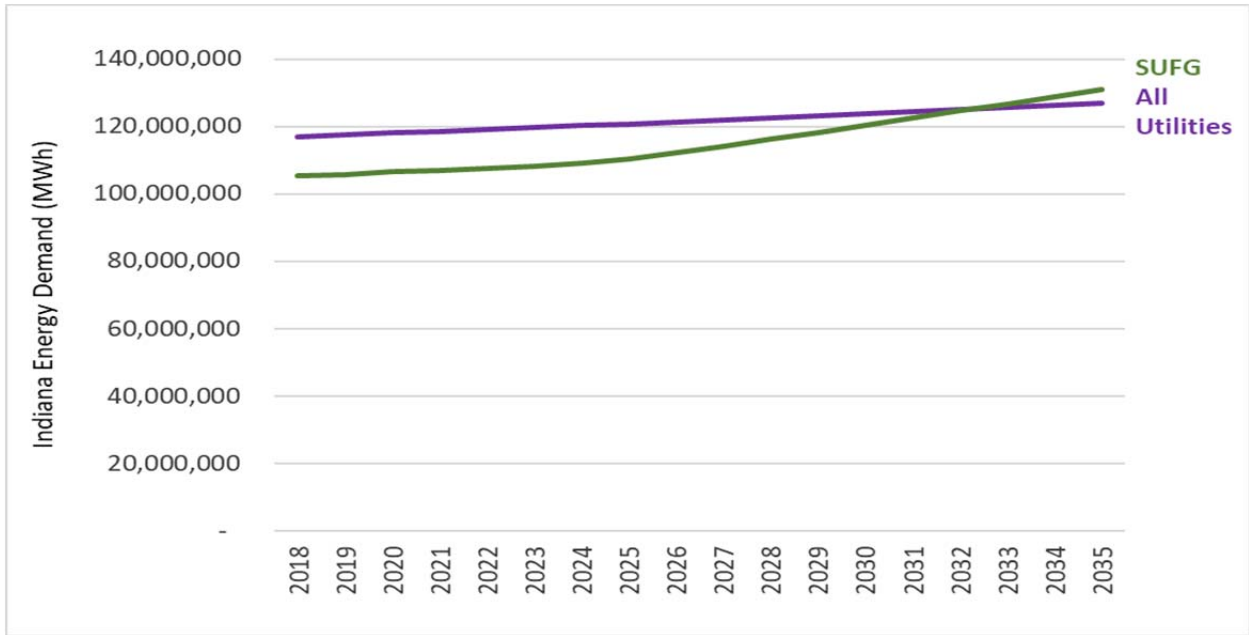
³⁰ 2018 Draft Statewide Analysis, p.21.

³¹ Personal communication between Jennifer Washburn of CAC and SUFG representative, Dr. Gotham, on Aug. 14, 2018.

³² Source: IN Utility IRPs and Indiana Utility Regulatory Commission. Indiana Electricity Projections: The 2017 Forecast. December 2017. Appendix-3.

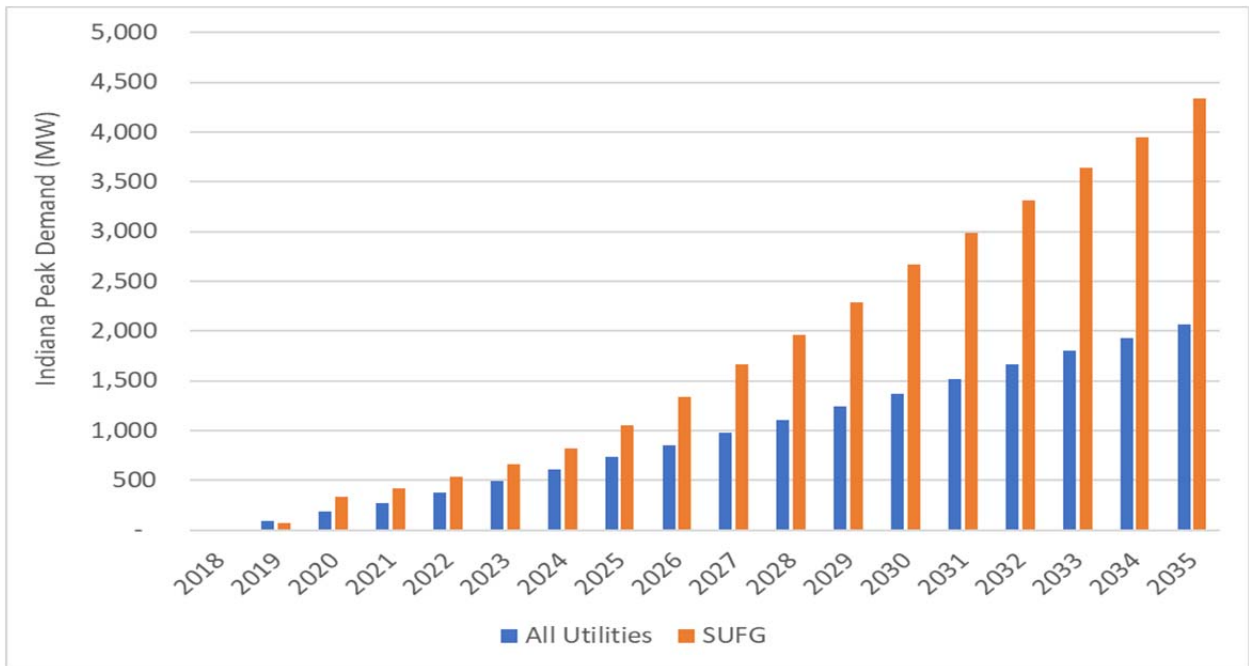
<https://www.purdue.edu/discoverypark/sufg/docs/publications/2017%20SUFG%20forecast%20final.pdf>.

Figure 2. Indiana Estimated Energy Demand, Statewide³³



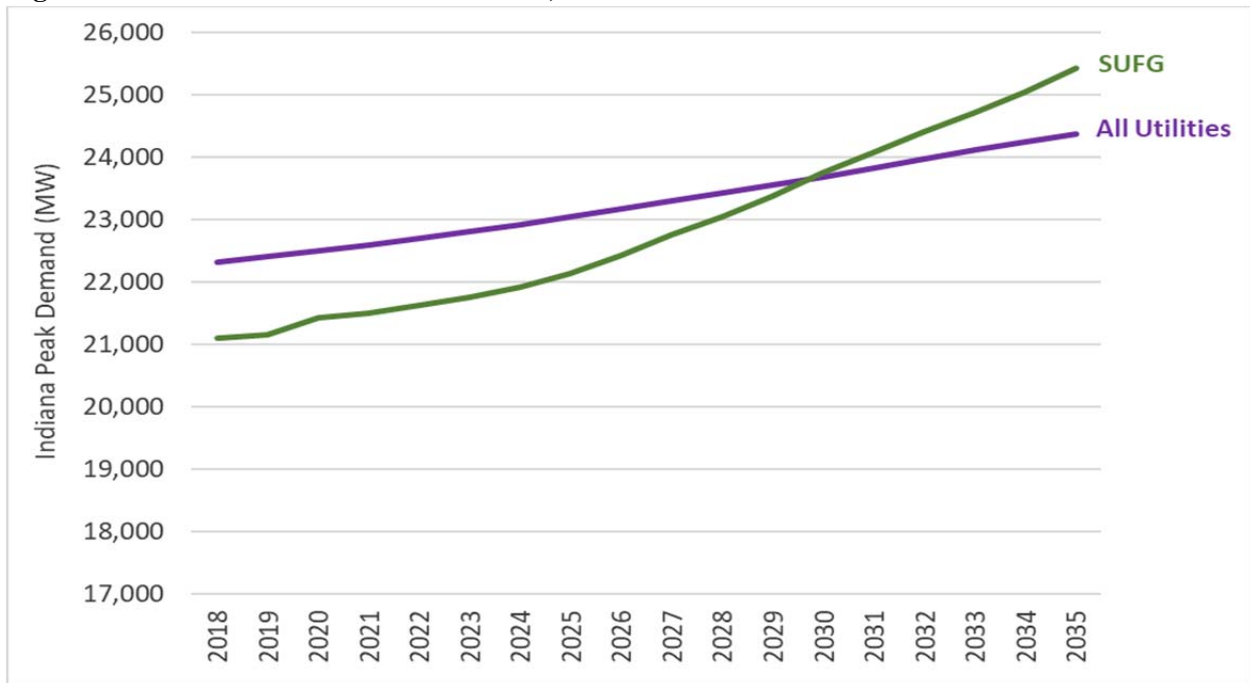
Figures 3 and 4 present Indiana peak demand forecasts summed across all IRPs and by utility, respectively.

Figure 3. Indiana Estimated Peak Demand Shown as Cumulative Difference from Base Year 2018, Statewide³⁴



³³ Source: IN Utility IRPs and Indiana Utility Regulatory Commission. Indiana Electricity Projections: The 2017 Forecast. December 2017. Appendix-3. <https://www.purdue.edu/discoverypark/sufg/docs/publications/2017%20SUFG%20forecast%20final.pdf>.

Figure 4. Indiana Estimated Peak Demand, Statewide³⁵



2. Inconsistent Timeframes

Indiana utilities’ most recent IRPs are not based on a single consistent timeframe. Ind. Code § 8-1-8.5-3(a) states that “The commission shall develop, publicize, and keep current an analysis of the long-range needs for expansion of facilities for the generation of electricity.” The Draft Statewide Analysis fails to meet this requirement because it uses outdated data (in some cases from 2014) and considers different timeframes across utilities.

3. Underlying Data and Projections from Different Sources

The utilities use underlying data and projections in their IRPs that come from different sources, including Moody’s Analytics and other vendors and federal and Indiana state agencies. The SUFG uses economic data and projections made by Indiana University. Differing assumptions include large swings in

³⁴ Source: IN Utility IRPs and Indiana Utility Regulatory Commission. Indiana Electricity Projections: The 2017 Forecast. December 2017. Appendix-3.

<https://www.purdue.edu/discoverypark/sufg/docs/publications/2017%20SUFG%20forecast%20final.pdf>.

³⁵ Source: IN Utility IRPs and Indiana Utility Regulatory Commission. Indiana Electricity Projections: The 2017 Forecast. December 2017. Appendix-3.

<https://www.purdue.edu/discoverypark/sufg/docs/publications/2017%20SUFG%20forecast%20final.pdf>.

assumed resource costs across utilities.³⁶ The Draft Statewide Analysis does not offer any explanation of why there would assume significantly different costs for the same resource.³⁷ Nothing about their geographies, customer mixes, or financial pictures would justify such differences.

For example, Figure 5 below highlights the actual first-year cost (\$/kWh) of energy savings across the utilities between 2014 and 2017. With the exception of 2014, Vectren had the highest first-year cost of savings across all utilities, while I&M had the lower first-year cost between 2014 and 2017.

Figure 5. First-Year Cost (\$/kWh) by Utility for 2014 – 2017³⁸

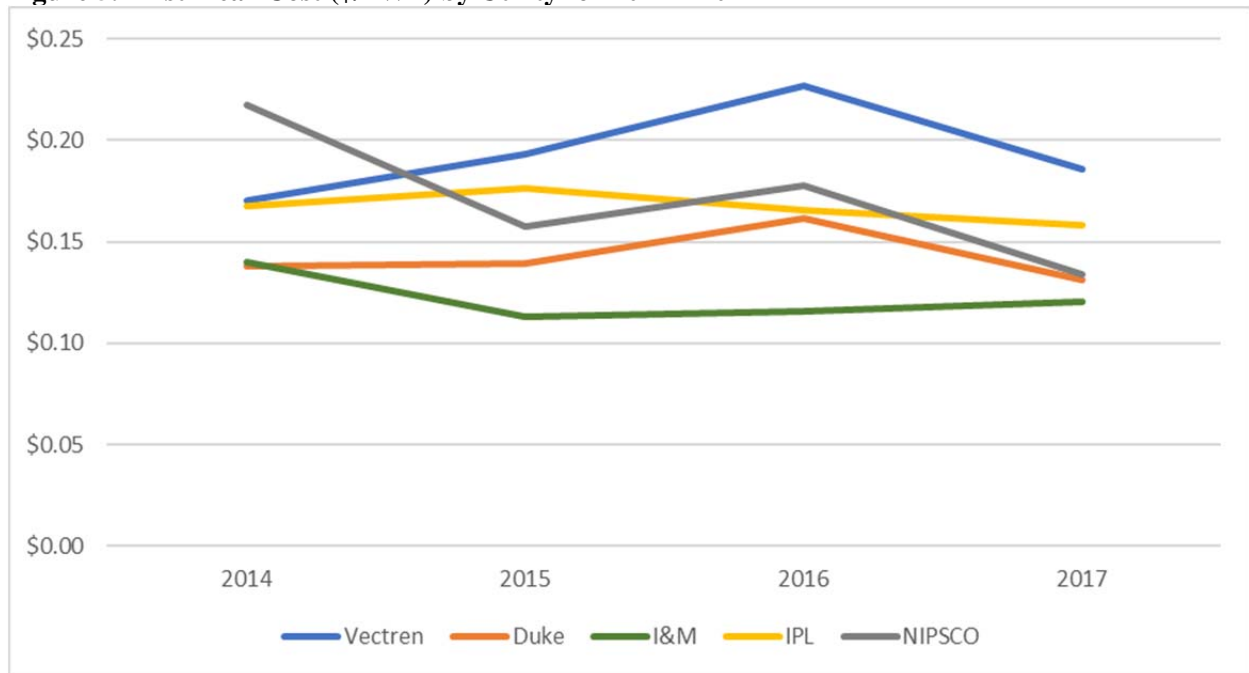


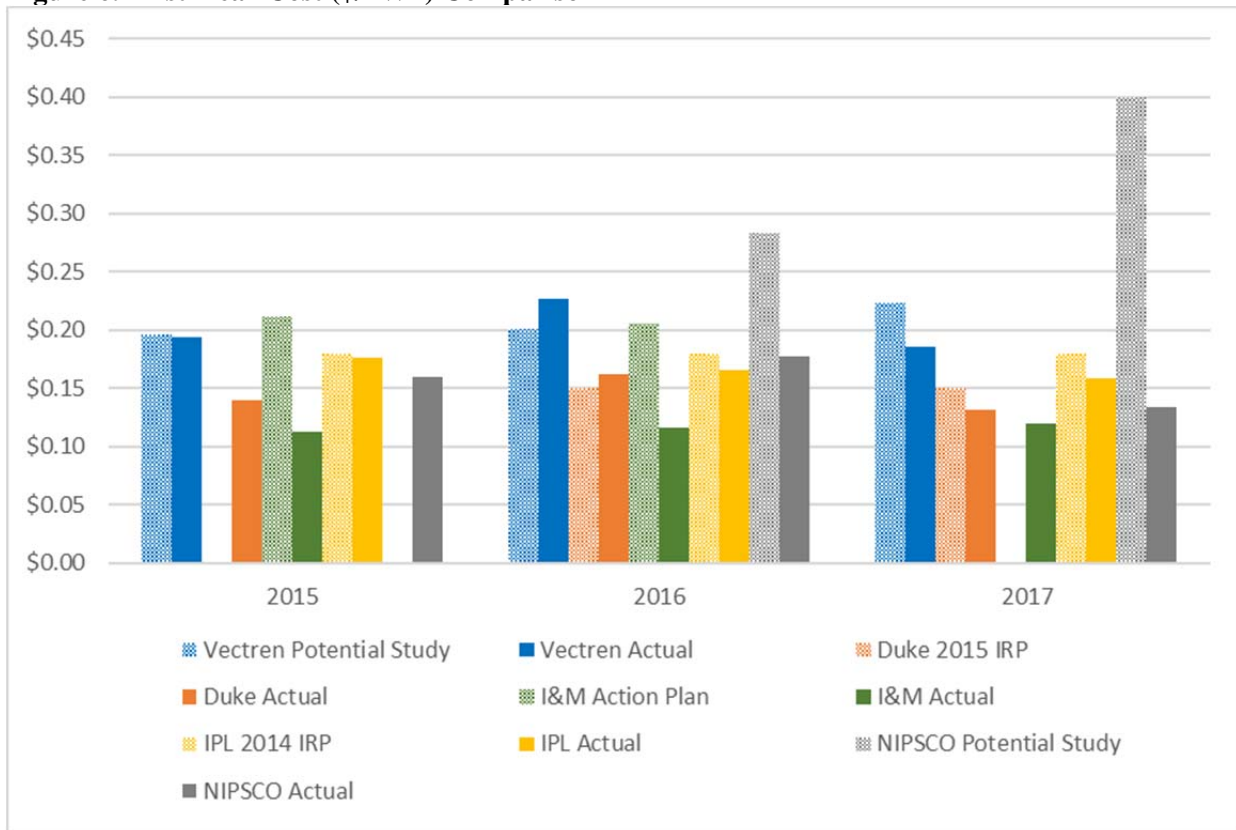
Figure 6 below highlights the differences between the actual first-year costs (\$/kWh) and first-year costs from IRPs (Duke and IPL) and potential studies (Vectren, NIPSCO, I&M). Figure 6 shows that in most cases, the actual first-year costs incurred by the utilities have been lower than the first-year costs from the IRP or potential studies for the utilities.

³⁶ See, e.g., CAC et al.’s Report on 2015 IOU IRPs, Table 3-1 comparing I&M and Duke Solar and Wind Costs on page 25.

³⁷ See, e.g., the confidential comments filed by CAC et al on the 2015 IRPs of Duke Energy Indiana and Indiana Michigan Power Company at Table 3-1 and pages 32 – 33 of CAC et al.’s comments on Vectren’s 2016 IRP.

³⁸ Source: Scorecards for all utilities with the exception of Vectren (EM&V reports for 2015-2017).

Figure 6. First-Year Cost (\$/kWh) Comparison³⁹



4. *Inconsistent and Unclear Treatment of Energy Efficiency in Draft Statewide Analysis*

Ind. Code § 8-1-8.5-3(b)(5) states that the Statewide Analysis needs to consider costs of meeting future growth in electric demand through energy efficiency, among other resources: “The comparative costs of meeting future growth by other means of providing reliable, efficient, and economic electric service, including purchase of power, joint ownership of facilities, refurbishment of existing facilities, conservation (including energy efficiency), load management, distributed generation, and cogeneration.”

The Draft Statewide Analysis notes that it “utilizes the most recent utility IRPs to determine the possible future load growth and generation needs for Indiana” and that “the IRPs describe the process used to determine the best mix of generation and energy efficiency resources to meet their customers’ needs for reliable, low-cost, environmentally acceptable power over the next 20 years.”⁴⁰ However,

³⁹ Comparison of first-year actual cost across utilities with IRPs and Potential Studies

⁴⁰ 2018 Draft Statewide Analysis, p. 7.

energy efficiency is treated differently by different utilities in their IRPs—a fact that the Draft Statewide Analysis fails to address.

The *Draft Director’s Report for the 2017 Integrated Resource Plans* by Hoosier Energy, Indiana Municipal Power Agency, and Wabash Valley Power Association points out this same issue with reference to utility IRPs:

Hoosier Energy, IMPA, and Wabash Valley, to different degrees, included discussions of how DSM was modeled and projected but it was unclear how energy efficiency was included in the load forecast and it is not clear whether DSM was included as a selectable resource, if at all, in the optimization modeling.⁴¹

None of the utilities articulated the changes that they may be considering to enhance their future load forecasts, including the potential long-term effects of distributed energy resources and new technologies, the databases, the consideration of DSM on a par with other resources, improvements to the construction of scenarios and sensitivities, the integration of probabilistic analysis into the IRPs, and providing IRPs that are consistent with the proposed IRP rule revisions.⁴²

The Draft Statewide Analysis’ consideration of Indiana’s future resource mix and location (Section III.C) states that energy efficiency and demand response measures “add important resource diversity and reliability” but it does not address how these resources could or should develop in the future, save one sentence that reads: “according to the SUFG, demand respond is expected to increase from about 1,000 MW to almost 1,200 MW over the 20-year forecast horizon.”⁴³

As noted on pages 14-18 of these Comments, important differences between the IRP electric demand (and, implicitly energy efficiency) assumptions and those of the SUFG were made apparent in our review of the Draft Statewide Analysis, which states “since, the 1980s, forecasts for electricity demand by Indiana utilities...have shown very low projected growth rates...around one percent (or even negative for some utilities) have been common” which are “attributed to increasing energy efficiency...economic swings and demographic changes.”⁴⁴

⁴¹ Draft Director’s Report for the 2017 Integrated Resource Plans, p. 43.

⁴² Draft Director’s Report for the 2017 Integrated Resource Plans, p. 43.

⁴³ 2018 Draft Statewide Analysis, p. 49.

⁴⁴ 2018 Draft Statewide Analysis, p. 8.

D. Reliance on Stale Data

The IRP data used in the Draft Statewide Analysis is stale. As explained in the Draft Statewide Analysis, a typical IRP process takes more than one year to complete, and it relies on data from the previous year.⁴⁵ This means that the 2018 Draft Statewide Analysis includes results and forecasts based on 2014 data. The use of stale data in the establishment of a statewide benchmark results in a flawed, inaccurate benchmark. This is problematic since the Statewide Analysis is to be considered by the Commission when deciding utility requests for construction.⁴⁶ The IRPs were all published before 2018⁴⁷ and contain assumptions that are demonstrably at odds with current thinking. This extends virtually to all areas including commodity costs, regulatory assumptions, and the cost and operating capabilities of renewable sources of energy and batteries. Further, none of the data considers federal tax law changes and the relative impact on the cost of capital affecting the attractiveness of various resource options and calculation of the discount rate. Finally, recent reciprocal tariffs on steel and other metals have not been factored into any modeling, which may significantly increase costs of construction.

Moreover, the use of data from different time periods in various utilities' IRPs means that these results and forecasts are not strictly comparable. The Draft Statewide Analysis itself recognizes this problem by saying that "it is difficult to compare on [sic] utilities experiences in 2015 with another utility's resource consideration in 2017. Four years ago, for example, utilities were planning for the Clean Power Plan. Natural gas price projections due to fracking seemed to solidify more than expected by experts. Some utilities lost significant loads."⁴⁸

While the Draft Statewide Analysis cautions readers about outdated assumptions regarding commodity prices and the regulatory environment, the referenced IRPs also include outdated assumptions regarding the cost and operating capabilities of renewable energy sources and battery storage. According

⁴⁵ 2018 Draft Statewide Analysis, p. 6, footnote 3.

⁴⁶ Ind. Code § 8-1-8.5-3(c).

⁴⁷ Duke Energy Indiana and Indiana Michigan Power IRPs were prepared in 2015; IPL, NIPSCO and Vectren IRPs were prepared in 2016, and IMPA, Hoosier Energy, and Wabash Valley IRPs were prepared in 2017. Typically, IRPs rely on data from the calendar year prior to their submission.

⁴⁸ 2018 Draft Statewide Analysis, p.7.

to Indiana Code, “The commission shall consider the [Statewide Analysis] in acting upon any petition by any utility for construction.”⁴⁹ Therefore, it is critical that the most up-to-date information on costs and capabilities be used to facilitate electric-sector decision making in Indiana; the Draft Statewide Analysis misses opportunities to do so.

At the macro level, stated future Indiana resource needs in the Commission’s Draft Statewide Analysis are identical to those in the SUFG 2017 Forecast.⁵⁰ For its 2017 Forecast the SUFG analysis states “the most current year with a complete set of actual historical data was 2015. Therefore, 2016 and 2017 numbers represent projections.”⁵¹ An analysis such as the statute envisions should rely on data more recent than 2015 (*see* I.C. 8-1-8.5-3(a)), “the Commission shall keep current...”. Joint Stakeholders request the Commission identify these critical gaps and include updated inputs using, for example, the resources listed in the statute along with other data points. Further, updated data should be integrated and synthesized to arrive at a more accurate benchmark against which generation construction petitions would be measured.

E. Other Issues with Underlying Assumptions

The Draft Statewide Analysis adopts several utilities’ representations as to the cost advantages of switching to gas-fueled generation, without any indication that the Commission questioned the utilities’ underlying assumptions. Such cost advantages might be refuted or might be short-lived, especially given recent rapid cost reductions in storage and renewable generation technology. While the IURC’s Director’s Report definitively states that there is a risk to future increases in gas prices, the Commission’s Draft Statewide Analysis makes no reference to that risk.

Possible cost advantages of switching to gas do not take into consideration costs associated with carbon emissions. The Draft Statewide Analysis does not consider carbon emissions except to note that the IURC staff believed that carbon was immaterial in determining the lowest cost resource plan.⁵² Given

⁴⁹ Ind. Code § 8-1-8.5-3(c).

⁵⁰ 2018 Draft Statewide Analysis, pp. 1, 22. SUFG 2017 Forecast, p. 1-1.

⁵¹ SUFG 2017 Forecast, pp. 1-7.

⁵² 2018 Draft Statewide Analysis, pp. 31-32.

that each Indiana utility addresses carbon both in terms of economic importance, but also with respect to the importance of reducing carbon emissions over time, the failure to address possible carbon emission reductions is problematic. Further, the Draft Statewide Analysis does not consider possible consequences if a new generating resource is expected to have higher life-cycle carbon emissions than the resource it is replacing. For example, it would be appropriate to compare the carbon emissions of an existing coal plant that is replaced at the end of its economic life with renewable power, to the life-cycle carbon emissions of a new CCGT. The inclusion of a life-cycle emission comparison would enhance the value of the Statewide Analysis.

F. Consideration of Impacts of Regulatory Environment

The utilities' IRPs, EIA, and SUFG have varying assumptions with regard to the impacts of the regulatory environment. For example, neither EIA nor the SUFG assumed a carbon regime in their forecasts. And while the state utilities assumed a carbon tax in each of their respective preferred IRP cases, there are widespread differences among their projections as to what future carbon prices will be.

In addition, utilities are taking different approaches to modeling the Effluent Limitation Guidelines ("ELG") Rule. The "as soon as possible" date in the ELG Rule has been delayed by two years to November 2020 as EPA reconsiders two of the standards from the 2015 rule. EPA expects to issue a proposed rule by the end of 2018.⁵³ If the new proposed rule alters the regulatory requirements, the costs of compliance for some units may demonstrably change and could affect the economic analysis and related retirement decisions. This uncertainty suggests that utility should evaluate sensitivities around the ELG rule, though the base case should remain with implementation of the 2015 rule on the timeline currently in effect.

There are inconsistencies in critical sensitivities among the IRPs and between the IRPs and the Draft Statewide Analysis (e.g., carbon emissions and ELG considerations). These inconsistencies can have a significant impact on the economic analysis and resulting decisions. Although all IRPs discuss

⁵³ The only mention of the ELG rule in the Draft Statewide Analysis is in a list of NIPSCO's IRP assumptions.

individual utility viewpoints in their modeling, the Draft Statewide Analysis should address the effects of the differing assumptions and synthesize them into a final analysis.

G. Potential Alternative Technologies

Despite the Draft Statewide Analysis' assertion that "integrated resource planning considers all possible resources, including traditional resources...as well as *energy efficiency*, demand response, wind, solar, customer-owned combined heat and power, hydro-electric and battery storage...on a comparable basis",⁵⁴ the Draft Statewide Analysis does not contain a robust discussion of the possible use of renewables and battery storage. Explicit in the Draft Statewide Analysis' assessment is the concern that increasing reliance on natural gas will leave the power system less resilient to price fluctuation and high-consequence disruptions: "A concern has been expressed that, as a nation, we may be placing too much reliance on natural gas and, thereby, not giving appropriate consideration to resiliency of the power system."⁵⁵ As of 2016, natural gas represents 27 percent of Indiana's in-state generating capacity and coal represents 62 percent.⁵⁶ If, however, all of Indiana's coal generation—upon retirement—were converted to natural gas, Indiana would rely on this single resource for 88 percent of its capacity. A robust discussion of the possible use of renewables and battery storage could make the economic life of a new gas plant shorter than currently anticipated. Without such a discussion, the rate impacts of a new gas plant are vastly understated as the host utility would also expect to recover its incremental investments in renewables and battery storage, as well as stranded investment in existing capital resources they may replace. Notably, according to EIA data,⁵⁷ the vast majority of Indiana's renewable resources are owned by merchant generators, and not by the utilities themselves.

⁵⁴ 2018 Draft Statewide Analysis, p. 55 (emphasis added).

⁵⁵ 2018 Draft Statewide Analysis, p. 33.

⁵⁶ Source: U.S. Energy Information Administration (EIA). Form EIA-860 detailed state data. Released November 9, 2017. <https://www.eia.gov/electricity/data/state/> and 2017 Form EIA-860 Data - Schedule 3, 'Generator Data'. Released June 1, 2018 <https://www.eia.gov/electricity/data/eia860/>.

⁵⁷ Source: U.S. Energy Information Administration (EIA). 2017 Form EIA-860 Data - Schedule 3, 'Generator Data'. Released June 1, 2018. <https://www.eia.gov/electricity/data/eia860/>.

V. **Concerns about Transparency**

A. **No Compilation of Summary of the Basic Information Used from the Utilities' IRPs**

The Draft Statewide Analysis does not compile and summarize basic information from the utilities' IRPs in a way that can be readily used and easily understood. The *Final Director's Report for the 2016 Integrated Resource Plans* expresses frustration regarding how difficult it is to find information in the IRPs: "The Director tried to compile the same set of basic information for each utility's IRP and found the task surprisingly difficult."⁵⁸ The Director's Report continues "(t)he problem is the IRPs and the associated appendices each provide a considerable amount of information but much is also not available, not well presented or must be laboriously sought and compiled, or is not comparable across utilities. These limitations reduce the usefulness of the IRPs to non-utility stakeholders and can be increasingly problematic over time for utilities, stakeholders, and policymakers."⁵⁹ The Draft Statewide Analysis makes no improvement on this failing in recent Indiana IRPs.

B. **No Explanation of How Demand Forecasts Were Made and Used to Calculate Energy Resources "Needed" during Planning Period**

The Draft Statewide Analysis also fails to explain how demand forecasts are made and how they are used to calculate the energy resources needed during the planning period. The Draft Statewide Analysis explains that "(b)ecause of the significant costs and risks associated with either over or under-forecasting electricity requirements, increasingly sophisticated mathematical models and databases are employed to improve the accuracy and credibility of load forecasting."⁶⁰ The Draft Statewide Analysis, however, does not mention the specific mathematical and statistical models used, and the databases employed to make the load forecasts.

⁵⁸ Final Director's Report for the 2016 Integrated Resource Plans, p. 10.

⁵⁹ Final Director's Report for the 2016 Integrated Resource Plans, p. 11.

⁶⁰ 2018 Draft Statewide Analysis, p. 8.

C. No Mention of Utilities’ “Out-of-Model Adjustments”⁶¹

The Draft Statewide Analysis also omits mention of “out-of-model adjustments” made by the utilities to the predictions produced by the statistical models. These adjustments are made based on the judgment of the utilities’ professional staff. Duke Energy, for example, uses professional judgment to resolve differences between forecasting models. While adjustments based on judgment are occasionally introduced to incorporate a very short-run development not captured by the forecasting models, they should not be used for long-term projections as explained in the *Draft Director’s Report for the 2015-2016 Integrated Resource Plans*: “Especially for long-term (probably anything more than one or two years), this kind of ‘informed opinion’ forecasting is not ideal.”⁶²

D. No Explanation of Whether Forecasted Energy Use Includes Energy Efficiency or Not

The Draft Statewide Analysis does not explain whether the forecasted energy use includes energy efficiency or not. While it appears that utilities do include demand side management measures, including energy efficiency and demand response, when reporting their future energy use, the SUFG seems to include energy efficiency in their demand projections,⁶³ while demand response is treated as a supply-side resource.⁶⁴

E. No Public Access of the Information Provided by Utilities to the SUFG, Even if Willingness to Sign Nondisclosure Agreements (“NDA”)

Certain data used in the SUFG 2017 Forecast was provided by the utilities pursuant to non-disclosure agreements (“NDA”) with the SUFG, making dependence on that report in the Statewide

⁶¹ An “out-of-model adjustment” is any modification to modeling results happening after the fact of modeling.

⁶² Draft Director’s Report for the 2015-2016 Integrated Resource Plans, p. 53.

⁶³ “As in the past, energy efficiency (EE) programs are treated as a reduction in demand. The current projection includes the energy and demand impacts of existing or planned utility-sponsored EE programs.” (SUFG, Indiana Electricity Projections: The 2017 Forecast, p.3-1).

⁶⁴ “DR programs are now treated as a resource within the modeling system; previously an adjustment of peak demand was done to account for them outside the utility simulation model. Thus, the peak demand numbers reported in this report have not been adjusted for DR, while the existing resource numbers now include them.” (SUFG, Indiana Electricity Projections: The 2017 Forecast, p.3-1).

Analysis not fully “open and transparent,” a priority identified by the Commission in its GAO.⁶⁵ Relying on prior reports that were created with different levels of confidential protection among disparate parties has the effect of denying interested stakeholders meaningful access to data. For example, the stark differences between the SUFG and IRPs’ estimated energy and peak demands may be that the utilities provided different energy efficiency data to the SUFG than they use in their IRPs, but the Draft Statewide Analysis neither mentions nor reconciles these differences and Joint Commenters are not able to access this data to review.

Further, regarding the SUFG, while the Draft Statewide Analysis recognizes in Section II that the SUFG has new state-of-the-art modeling software and more recent electricity forecast data than what is contained in the IRPs referenced in the Draft, it is unclear to what extent the SUFG’s work was taken into account. It does not appear that any “reality check” on the utilities’ IRPs on a statewide basis was performed.

VI. Resources for the Commission’s Consideration

Valuable information regarding how to develop a Statewide Analysis can be gleaned from other state commissions. Other state commissions with similar statutory obligations have developed analyses under formal proceedings. For example, the North Carolina Utilities Commission (“NCUC”) has nearly an identical statutory requirement to provide a report on the long range needs for expansion of electric generating facilities.⁶⁶ In 2017, the NCUC issued a report, which contained references to formal proceedings, testimony, and analysis from the North Carolina Commission which, at times, was critical of some of the conclusions contained in the utilities’ IRPs.⁶⁷

The National Association of State Energy Officials (“NASEO”), of which the Indiana Office of Energy Development is a member, has provided formal guidance for States in developing comprehensive

⁶⁵ Indiana Utility Regulatory Commission General Administrative Order 2018-2, April 11, 2018.

⁶⁶ North Carolina General Statute 62-110.1(c).

⁶⁷ The 2017 North Carolina Report may be found at:

<http://starw1.ncuc.net/NCUC/ViewFile.aspx?Id=2292ba92-d5a1-4b05-b2b7-b158c915655d>

energy plans.⁶⁸ These guidelines identify several key energy planning elements that have the greatest value:

- **Comprehensive:** Takes into consideration a *holistic* perspective of the state’s energy profile, including all energy resources and end-use sectors and input from key public and private stakeholders;
- **Adaptable:** Projects future energy supply and demand and models the potential impacts of supply shifts, geopolitical risks and uncertainties, technological change, and other factors that affect near- and long-term energy needs;
- **Guiding:** Provides a framework that allows state and business decision makers to make informed and educated judgments based on the predictability ensured by a defined and structured plan; and
- **Strategic:** Offers a deliberate and vetted plan of action that lays out clear recommendations and actions that are set within goals that are measureable and achievable.

VII. Conclusion

The Commission’s Draft Statewide Analysis is a first and useful step toward preparing the type of analysis envisioned by the General Assembly. The Statewide Analysis is a roadmap to guide efforts to move the state’s electricity industry into the utilities of tomorrow. General Counsel Helene stated the Statewide Analysis is not an energy plan nor does it pre-judge current or future electric generation decisions by the utilities; however, undue reliance on the Draft Statewide Analysis for making long-term decisions could result in unintended consequences and additional regulatory costs ultimately recovered from utility ratepayers.

Developing a “statewide analysis”, as defined in the statute, would appear to require a significant additional investment in resources that the Commission might not currently have available for this purpose. In other words, this mandate may require additional funding for the Commission to complete the type of analysis the legislature expects including the retention of outside experts to conduct an independent analysis and prepare a written report on the Commission’s behalf – a report that would adequately and independently address all of the issues required under I.C. § 8-1-8.5-3.

⁶⁸ NASEO’s State Energy Planning Guidelines can be found at:
http://naseo.org/data/sites/1/documents/publications/SEPGuidelines_2018_Final.pdf