INDIANA INDUSTRIAL ENERGY CONSUMERS, INC.

ONE AMERICAN SQUARE, SUITE 2500
INDIANAPOLIS, IN 46282

Tel: (317) 639-1210
Fax: (317) 639-4882
www.indiec.com

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

Dear Ms. Roads and Mr. Comeau:

Indiana Industrial Energy Consumers, Inc. ("INDIEC") appreciates the consideration of our prior comments for the Draft Strawman dated 7/5/16 in Proposed Rulemaking No. 15-06. We note only a few items which we recommend be clarified in the latest revision.

Analyzing Alternative Resources - 170 IAC 4-7-6(b)
The specific requirement to analyze "cogeneration, non-utility generation, commercially available resources; and wholesale power purchases" as alternative supply-side resources was deleted from the most recent version of the strawman. While cogeneration is included in the definition of supply side resources (170 IAC 4-7-1(oo)), the other resources, including other forms of non-utility generation are not.

There is value in specifying each of the deleted resource options in the regulation. Indiana Code § 8-1-8.5-3 specifically requires consideration of purchase power, cogeneration, refurbishment of existing facilities as types of alternatives which must be considered in the generation planning process. Accordingly, it is contrary to Indiana Code § 8-1-8.5-3 to exclude the deleted alternative resource options.

It is also important for utilities to consider a broad range of alternative resources in its IRP, including purchase power, non-utility generation, commercially available resources and wholesale power purchases. For example, NIPSCO's purchase of the commercially available Sugar Creek generating station is an example that such acquisitions can be highly desirable in a utility's generation portfolio. Today, there are even more generating resources in the market and utilities should be encouraged to explore these options as part of their IRP.

Elimination of DSM Tests – 170 IAC 4-7-7
To the extent that the goal of the IRP process is to identify a portfolio of resources that safely, cost-effectively and reliably meet the needs of customers, prescreening of demand-side resources based on the basis of cost-benefit tests will frequently make sense and should be considered a best practice. It would likely minimize disputes for the Commission to have a

standard position on the matter, but as long as prescreening remains a permissible process, INDIEC does not have specific concerns about this change.

Energy Efficiency Program Costs Definition – 170 IAC 4-8-1, 170 IAC 4-8-5, 170 IAC 4-8-6

Indiana Code §8-1-8.5-10 establishes a clear distinction between energy efficiency program costs and demand response program costs. Under Indiana Code §8-1-8.5-10, an energy efficiency program "does not include a program designed primarily to reduce demand for limited intervals of time, such as during peak electricity usage or emergency conditions." SEA 412 appropriately distinguished demand response programs from energy efficiency programs, and retained the Commission's ability to determine appropriate cost recovery for demand response programs, as well as any eligibility for lost revenues or shareholder incentives on a case-by-case basis.

In the Draft Proposed Rule 170 IAC 4-8-5 and 170 IAC 4-8-6 appear to keep the cost recovery distinction for energy efficiency and demand response programs required by IC 8-1-8.5-10 by stating the Commission shall approve recovery of reasonable energy efficiency program costs but may approve reasonable demand response programs costs. However, a problem arises because "energy efficiency program costs" was previously defined to include direct and indirect costs of energy efficiency and demand response programs. Inclusion of "demand response programs" in the definition of "energy efficiency program costs" thus creates an internal inconsistency which must be corrected in order to be consistent with the authorizing law.

If you have any questions on these comments please let us know.

Sincerely,

Jennifer W. Terry

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