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**BEFORE THE  
INDIANA UTILITY REGULATORY COMMISSION  
INTEGRATED RESOURCE PLANS - REGULATORY INQUIRY**

**MIDWEST COGENERATION ASSOCIATION  
PRELIMINARY COMMENTS**

The Midwest Cogeneration Association (MCA) appreciates the opportunity to provide preliminary comments on the Indiana Utility Regulatory Commission's (Commission) previously proposed Integrated Resource Plan (IRP) regulations, elements of which the Commission may consider proposing in regulations to respond to the IRP rulemaking directive in SB 412.

The MCA is a not-for-profit professional association dedicated to promoting clean and energy efficient "combined heat and power" (CHP) and "waste heat-to-power" (WHP) technologies (collectively referred to here as "cogeneration") in eight Midwest states, including Indiana. MCA members include representatives of CHP and WHP technology manufacturers, distributors, and project developers – a number of whom have manufacturing facilities and business operations in Indiana. Our members have expertise in CHP and WHP technologies, as well as project financing and development.

**PRELIMINARY COMMENTS**

By these preliminary comments, MCA wishes to highlight three significant, over-arching issues rather than provide a detailed, line-by-line review of the previous rulemaking proposal. MCA respectfully reserves the right to offer additional comments on the Commission's upcoming rulemaking proposal.

- 1) The definition of "preferred resource plans" should be amended to expressly require that the plan reflect the most cost effective, resilient and low-emission resources available to the utility without jeopardizing safety or reliability.**
- 2) The Commission's review and reports on utility IRPs should not be limited to procedural compliance, as it would be under the language in 170 IAC 4-7-2 (k) and (l). To protect ratepayers and ensure Indiana businesses remain competitive, it is essential that the Commission's Report review and comment on the utility's selected portfolio of energy resources and that the Commission have the regulatory authority to require utility's selected portfolio reflect the most cost effective, resilient, and low-emission energy resources available; and**
- 3) Cogeneration resources should be required to be considered and evaluated on par with other energy resources in every aspect of the IRP review of supply side and demand side resources, including generation, transmission and distribution planning and load forecasting.**

## **RECOMMENDATIONS FOR EVALUATING COGENERATION WITHIN UTILITY IRPs**

In addition to the above general comments, MCA offers the following recommendations for how cogeneration should be evaluated in Indiana utility IRPs.

- 1) Evaluate Cogeneration Resources Fairly:** The cost-effectiveness and technical potential of cogeneration capacity should be required to be considered **on par with other new capacity resources** and load reduction or demand-side management resources in utility integrated resource plans (IRP). S for
- 2) Evaluation of Cogeneration Potential:** A fair evaluation of the potential for cogeneration resources within a utility's territory should include evaluating the following:
  - What is the technical and economic market potential of cogeneration in the utility's service area?
  - What are the barriers to its realization in the utility's service area?
  - Does the utility need to modify its tariffs to level the playing field for cogeneration?
  - Should the utility consider investing in customer-located cogeneration facilities?
  - Should the utility adopt a feed-in tariff, financing program, or other incentive program to encourage cogeneration deployment?
  - Are there barriers to rate-basing investments in cogeneration capacity?
- 3) Evaluate the Potential for Both Utility-Owned and Privately-Owned Cogeneration:** The utility should evaluate the opportunities it may have to own and operate, invest in, and/or promote (with incentives) cogeneration. It should also evaluate the technical and economic potential for deployment of customer owned and operated cogeneration.
- 4) Evaluate Cogeneration as Both a Demand Side and Supply Side Resource:** Cogeneration can be considered as both a demand-side load reduction measure and as a supply-side capacity resource. For example, when a manufacturing plant installs a cogeneration system to replace an old boiler system and can now self-generate some or all of its own electricity demand, that plant's "load" is taken off the centralized grid just as other energy efficiency measures take load off the grid. In addition, that manufacturing facility's self-generation of electricity is adding capacity to the overall electricity system in that utility territory.
- 5) Evaluate Whether Utility Rate-Structures Discriminate Against Cogeneration:** Unwarranted ratchets for backup power ("standby rates"), high reservation charges, fixed demand charges, and unrealistic marginal avoided cost rates should be examined to ensure that the true cost effectiveness and economic potential of cogeneration is properly evaluated. Rates charged to cogeneration customers should be unbundled and linked to utility "cost drivers."
- 6) Evaluate Cogeneration Economic Benefits Fairly:** The economic benefits (cost savings) that private capital investments in cogeneration capacity bring to the overall electric system should be considered in the IRP cost-benefit analysis. This includes an evaluation of new marginal capacity cost savings to the utility, as well as new transmission and distribution cost

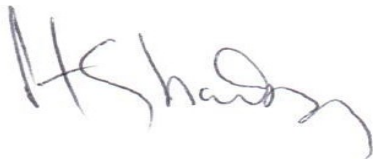
savings, maintenance cost savings, and the ancillary benefits of resource diversity and system flexibility provided by customer-based cogeneration.

**7) Evaluate Cogeneration's Social Benefits:** This should include crediting social benefits such as critical infrastructure resiliency and multi-pollutant emission reductions.

**8) Evaluate Cogeneration's Greenhouse Gas Offset Benefit:** In consideration of EPA's existing power plant greenhouse gas regulation, IRP evaluations should consider the social and economic value of including lower emitting cogeneration resources in utility portfolios to off-set higher emitting existing resources.

**Respectfully submitted,**

**August 31, 2015**



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