

# NORTHERN INDIANA PUBLIC SERVICE COMPANY LLC'S RESPONSE TO THE DRAFT DIRECTOR'S REPORT FOR THE NIPSCO 2018 INTEGRATED RESOURCE PLAN

## Introduction

NIPSCO appreciates the Director's feedback as provided through the Draft Report. The Director's comments regarding the improvements NIPSCO made in the 2018 report were appreciated. The NIPSCO team invested a great deal of time and effort into those improvements, and it is welcomed feedback noting that the enhancements made a difference to the stakeholder community. As the Director noted several times, NIPSCO continues to look for ways to improve its process and modeling software.

NIPSCO is committed to maintaining and building upon those improvements going forward. The NIPSCO team also recognizes that the Integrated Resource Plan ("IRP") process is always evolving. NIPSCO is continuously looking for ways to enhance the data quality and quantity, load forecasting, and analysis of the impacts of the paradigm shifts in the use of electricity in the future. NIPSCO will take both the Director's comments and the comments provided by the stakeholders into account when preparing its next IRP. The comments included in this document are meant to provide clarity where necessary on NIPSCO's IRP based on comments in the Draft Report. It should be noted that failure on the part of NIPSCO to address a specific recommendation made by the Director is not a rejection of that recommendation by NIPSCO.

## NIPSCO's Responses

### Quality and Quantity of Data

The Director provided several suggested enhancements to help NIPSCO better understand its customers such as continual improvements in load forecasting, integration of DSM, and treating customer-owned resources on a comparable basis to all other resources. NIPSCO is continuously monitoring and evaluating means and methodologies for acquiring and enhancing its data to support the advanced analytics used in the IRP and will strive to include improved data quality and quantity in future IRPs.

## **Load Forecasting**

The Director expressed concern that NIPSCO's forecasting process for all types of customers relies too heavily on historic methods and professional judgment with too little consideration for evaluating the efficacy of prior methods or considering new approaches. It was also suggested that NIPSCO could improve its process by giving consideration to other means of getting supplemental, improved, and more detailed customer demographic, appliance/end-use data, and usage information.

NIPSCO continually seeks to improve the quality and quantity of data available for forecasting load and realizes that the paradigm changes in the industry will have a dramatic effect on demand served and in the use of electricity. The Company agrees with the Director's recognition of the inherent uncertainty of trying to predict the timing and magnitude of increased electrification, and believes that the uncertainty extends far beyond the predicted increase in electric vehicles. As the Director noted, there will be new technologies that require thoughtful consideration in future IRPs, and NIPSCO is committed to incorporating assessment of the impacts of those technologies as reputable data and analysis techniques become available. NIPSCO will also take into consideration the Director's position on weather normalizing forecasts even if the correlation is weak as well as considering penetration of LEDs and smart lighting.

The Director also expressed concern about improving the data available related to its commercial customers and recommended NIPSCO consider commercial customer surveys and improving its use of North American Industrial Classification System (NAICS) information in order to better segment commercial customers. The Report also provided recommendations around forecasting NIPSCO's industrial load, although the Director noted NIPSCO's unique characteristics. NIPSCO sees the value in improving its forecasts related to commercial and industrial customers and will ensure the next IRP, at a minimum, better explains how NIPSCO's process is successful at forecasting load. This includes addressing how cogeneration and small power production is treated in NIPSCO's forecast.

## **Demand Side Management ("DSM") and Other Distributed Energy Resources ("DER")**

The Director recommended that NIPSCO make it a high priority to acquire and maintain data required to construct load shapes for different types of customers given the uncertainties and risks that NIPSCO is confronting. The Director stated that it is incumbent on NIPSCO to significantly improve its databases, methodologies, and

planning models focusing on the risks of NIPSCO not knowing its customers as well as it should. Specifically, NIPSCO understands that the Director expects NIPSCO to assess how it can better monitor trends related to DERs and account for those trends in its forecasting.

The Report also provided recommendations on continued improvements to modeling DSM as part of the overall forecast. NIPSCO will continue to work with the Citizens Action Coalition and other interested stakeholders on the best way to model DSM in future IRPs. NIPSCO shares the Director's opinion that demand side management and other distributed resources will have a material impact in the future and NIPSCO will continue to monitor and evaluate means and methodologies for adding rigor to its analysis for future IRPs.

## **Stakeholder Comments**

As NIPSCO noted in its response to the comments from its stakeholders, it appreciates the feedback and will incorporate a number of the recommendations into future IRPs. NIPSCO also appreciates the Director's comments on the stakeholders' submissions and will make adjustments as appropriate. Of particular note was the Director's concurrence with the OUCC regarding the need for NIPSCO to continue to be informed regarding planning by MISO and other independent system operators because of the impact those planning processes have on individual utility IRPs. NIPSCO has been an active member in the MISO process and will continue its participation. NIPSCO readily acknowledges in the IRP and in its reply comments both the complexity of resource planning when the share of renewable resources in the portfolio is likely to grow throughout the region and the need to be ever vigilant to changing circumstances. This will likely be a key driver in NIPSCO's next IRP.

## **General Comments**

The Director recommended that NIPSCO provide additional detail in future IRPs related to how the likelihood of the various scenarios were derived or how NIPSCO generated separate distributions for each scenario. NIPSCO appreciates the feedback and will provide greater clarity around scenario assumptions in its next IRP. The Draft Report also expressed concern regarding NIPSCO's seeming lack of desire to install advanced metering infrastructure, noting this technology would enable more discrete usage information as well as end-load research. NIPSCO has noted the concern and is evaluating ways to address that, as well as other suggestions related to obtaining customer-specific information.

## Conclusion

NIPSCO hopes the clarifications provided in this response address in at least some part the concerns or confusion expressed in the Director's Draft Report. NIPSCO is always available to meet with the Commission staff for further discussion on its IRP. In fact, as part of its public advisory process, NIPSCO established a continued on-going communications process with all stakeholders. NIPSCO appreciated the participation of its stakeholder group, including the Commission and staff, in its IRP public advisory process. NIPSCO will look to incorporate the lessons learned from the 2018 process into its next public advisory process and IRP. It is NIPSCO's hope that these responses will help provide further clarity regarding its 2018 IRP, and serve as a starting point for further informal discussions to support its next IRP.