Indiana Office of Utility Consumer Counselor's ("OUCC") Comments on the Director's Report Regarding CenterPoint Energy Indiana South's ("CEIS") Integrated Resource Plan ("IRP") June 17, 2024

The OUCC appreciates the opportunity to comment on the Director's Report and would like to offer brief comments on costs for decommissioning and renewable generation.

Decommissioning Costs

The OUCC recommends further discussion in each utility's IRP on costs for decommissioning and net salvage, even if their inclusion has not been the practice to date.

Most recent Certificate of Public Convenience and Necessity filings for solar projects have not included decommissioning and net salvage costs ("D&NS"). Even those with prepared estimates did not include them in cost discussions and best estimates. Current solar D&NS costs have been estimated to be net gains, and many are material. The OUCC, the Indiana Utility Regulatory Commission, and the industry have become very aware of the materially under-scoped cost of coal generation decommissionings from numerous cases dealing with coal ash pond remediation. In the OUCC's view, this experience warrants D&NS discussions as they relate to IRPs. It is very likely scientific understanding of other combustion residuals (natural gas, hydrogen, biofuels, etc.) will evolve in a manner similar to coal residuals, including lithium battery recycling from decommissioned battery energy storage systems ("BESS"), rare-earth and metals reclamation from solar modules, and additional future technologies. The normal practice, therefore, needs to change to include these risks and costs; otherwise, ratepayers will bear the burden of millions, possibly hundreds of millions, of dollars of decommissioning costs as they have with coal.

Regardless of the technology being decommissioned, it can be modeled with cost sensitivity analysis. The most important aspect of the modeling, however, is not solely the cost, but rather, an open dialogue upon the risks and "known unknowns." Each successive IRP iteration will benefit from a risk analysis and from open discussions with stakeholders about when the risks and potential costs become unreasonable.

Renewable Generation Costs

The OUCC wants to clarify its comments regarding the costs of renewable generation. While the OUCC considered the Technical Appendix and RFPs in its analysis, the OUCC wanted to bring attention to recent solar and wind requests that were greater in cost than the high renewable costs CEIS assumed in its analysis. Without disclosing confidential data in those generation requests, the OUCC surmised that the difference could be due to indirect and Owner's Costs in those cases. The OUCC recognizes now that Owner's Costs were included in the Technical Appendix's solar, wind, and battery storage facility estimates. However, the OUCC's point still stands that regulated electric utilities, including CEIS, should also be considering the actual costs of the facilities they are actively constructing or acquiring in addition to the RFP bids received. Actual recent resource construction or acquisition costs can serve as a check on the reasonableness or accuracy of bids received. The OUCC is not stating that actual generation construction costs should form the basis of all future costs assumed for renewable facilities, as costs could decrease over time with developments in technology. However, this needs to be noted in light of the marked difference between CEIS's recently requested generation projects and the high renewable costs.

Because the IRP is a key document in determining the reasonableness of a utility's new generation request, the OUCC wants to ensure the most up to date costs are included in the utility's analysis. It is understandable that costs may change between when a utility submits its IRP and executes the contracts for new renewable generation, but this is why it is important to consider resource cost changes that are known at the time the utility submits its IRP. In CEIS's case, the new generation requests or cost updates to existing approved facilities were filed several months before CEIS submitted its IRP in June 2023. These updates may have been too late to incorporate into the utility's analysis, but it would have been a worthwhile endeavor to include the costs if CEIS had the time to complete additional modeling runs.