

Indiana Office of Utility Consumer Counselor Comments on
Indianapolis Power and Light Company, dba AES Indiana
January 12, 2024

INTRODUCTION

The Indiana Office of Utility Consumer Counselor (OUCC) respectfully offers its comments regarding the Draft Director's Report on AES Indiana's 2022 Integrated Resource Plan (IRP) submission.

The OUCC recognizes the importance of IRPs in planning a flexible and cost-effective future for Indiana's electric utility service, especially IRPs that align with the Indiana General Assembly's guidance of adherence to the Five Pillars of Electric Utility Service as codified in Indiana law (Affordability, Resilience, Reliability, Stability, and Environmental Sustainability). We also acknowledge the significant amount of time, effort, and resources utilized by the utility, stakeholders, and the IURC's Research, Policy, and Planning Division in the IRP process. Additionally, we recognize the obligations of all stakeholders to recommend continuous improvements to IRPs, for the benefit of an economical and reliable power supply as envisioned within the Five Pillars.

The fact that the OUCC does not address specific items in any IRP comments does not suggest tacit support for such matters. Natural constraints and complexities of IRP exercises limit the ability of stakeholders to address every issue and potential opportunity for improvement.

Load Forecasting

The OUCC agrees with the Director's comments on load forecasting and recommends continued caution in approaching various methodologies to project vehicle electrification and growth of distributed energy resources (DERs), as well as their associated impact on load and load service. Because of uncertainty in timing, trend, and scale, it is critically important to test and understand the impacts of electric vehicle (EV) adoption and how DERs may affect the AES Indiana system.

We would encourage AES Indiana to provide more analyses on its candidate portfolio's performance under high and low EV load growth and assumption scenarios in conjunction with DER entrants. This would provide more detailed descriptions and clarifications to the Director and to stakeholders. We also suggest these analyses test the boundaries of candidate generation portfolio capabilities coupled with reasonable transmission, distribution, and storage improvement charge (TDSIC) options. This methodology would address uncertainties inherent in forecasting techniques by highlighting undesirable modeling outcomes that result from testing.

DSM - Demand Side Resources, Energy Efficiency, DER

We appreciate the Director's acknowledgement and share his concern about not achieving the industry-standard 90/10 survey statistical significance level, and not assessing the potential impact on results given the 85/15 level achieved.

The OUCC also shares the Director's concern on combining unrelated measures with very different load shapes in the same bundle. We suggest only evaluating alternatives with similar load shapes in a given bundle. We also encourage greater transparency and documentation of the important impacts of free riders and spillover effects in DSM inputs.

Scenario / Risk Analysis - Resource Portfolio Modeling, Planning Methodology

A more diverse scenario selection process is needed, and the OUCC agrees with the Director's comments on the manner in which AES Indiana has narrowed the field of candidate portfolios. As the Director explains, certain scenarios may not necessarily be aligned with AES Indiana's outlook but may adapt and perform better in some modeling futures. The OUCC encourages the Director to more strongly reinforce the importance and need to have diverse options for consideration.

The OUCC also agrees that thermal resources should be evaluated in other recovery scenarios and not limited to 20-year evaluations. Complete cost estimates in the NPVRR portfolio analysis would also be beneficial. All significant costs should be included in the calculation, including but not limited to mitigation, TDSIC, interconnection, decommissioning, salvage, battery augmentation, and others. Net present value (NPV) sensitivity analyses on the size of regulatory asset and expense driven revenue requirements can be performed. Estimates need to be made, at least to some extent, to allow for an understanding of complete cost models.

AES Indiana's portfolio scorecard ratings show room for improvement. The utility's final portfolios did not reflect significant differences in scoring. Probabilistic and importance ratings that weight scorecard metrics are important issues for stakeholder discussion and for the Director's consideration. The inclusion of zero weighting and testing or sensitivity analysis of weighting methods will provide valuable insight to the scenario and risk analysis.

Director's Comments on Prior OUCC Comments

We appreciate the Director's inclusion and consideration of the OUCC's prior comments and value the feedback provided. The OUCC shares the Director's support for a more expansive form of planning that brings together traditional IRP planning with distribution and transmission planning, as well as better evaluation of DER, EV, total cost evaluation, and rate design interactions. We also continue to support full evaluation utilizing scenario analyses, sensitivity analyses, and stochastic analyses to provide a better foundation for evaluating risks and making resource decisions.

The Director's report raises important issues concerning the lack of certain details in AES Indiana's IRP. Again, the OUCC appreciates the opportunity to participate in the stakeholder process and to provide this feedback for the Director's consideration.