

**Reliable Energy, Inc.'s Comments on the IURC Director's Draft Report
on the 2021 Duke Energy Indiana IRP**

January 13, 2023

1. On December 2, 2022, the Director issued his Draft Report on the 2021 Duke Energy Indiana (DEI) Integrated Resource Plan (IRP) filed on December 15, 2021.¹ The Draft Report provides a review of the purpose of the IRP and specifically focuses on the following four areas: (1) load forecasting; (2) assessment of demand-side resources broadly defined to include energy efficiency, demand response resources, electric vehicles, and other distributed energy resources (DERs); (3) portfolio analysis and the related consideration of risk and uncertainty on different resource portfolios; and (4) the public advisory process.
2. The Director also summarizes the submissions from the nine parties that participated in the IRP process and provides his response to those comments.² The comments are mostly technical in nature. The Director's Report does not conclude that the preferred resource plan in the IRP is dispositive regarding how DEI should proceed. Rather, the Director's Report concludes the following:

The resource portfolios emanating from the IRPs should not be regarded as being the definitive plan that a utility commits to undertake. Rather, IRPs should be regarded as illustrative or an ongoing effort that is based on the best information and judgment at the time the analysis is undertaken. The illustrative plan should provide off-ramps to give utilities maximum optionality to adjust to inevitable changing conditions (e.g., fuel prices, environmental regulations, public policy, technological changes that change the cost effectiveness of various resources, customer needs, etc.) and make appropriate and timely course corrections to alter their resource portfolios.

3. IURC IRP rules (170 IAC 4-7-2.5) require, when a utility takes a resource action, such as filing a Certificate of Public Convenience and Necessity (CPCN), that the action be consistent with the most recent IRP submitted by the utility. Any departure from the IRP must be fully explained and justified with supporting evidence, including an updated IRP analysis. The fatal flaw in this rule is that it *presumes that the IRP is the best result, even when stakeholders raise significant concerns regarding the process and substance of the IRP*. The rule also ignores the fact that IRPs could be 2-4 years old when a CPCN is filed, and the Commission's rule does not require it to be updated *unless the resource action changes*. Consequently, if the utility adheres to its existing IRP, however outdated and potentially flawed, it avoids any duty to

¹ <https://www.in.gov/iurc/files/Draft-Director-DEI-2021-IRP-Report-12-2-22.pdf>

² Citizens Action Coalition et al., DEI Industrial Group, Energy Matters Community Coalition, Hoosier Environmental Council, Indiana Advanced Energy Economy, Indiana State Conference of the NAACP, Office of Utility Consumer Council, Reliable Energy, and Sierra Club.

address substantive concerns with the IRP. The Commission can, and should, establish enhanced expectations for the presentation of updated IRPs in formal proceedings, as it has done by requiring reliability and regional transmission organization (RTO) related evidence in electric generation CPCN proceedings under General Administrative Order No. 2022-1.³ Evidence presented in support of a request for a CPCN should be evaluated not only for the purposes of the CPCN, but with an eye towards identifying necessary and corresponding revisions to the associated IRP in order to ensure consistency with *current forecasts, regulatory requirements, and the like*. Simply relying on the default assumption that the IRP is indefinitely valid is untenable. Therefore, Reliable Energy respectfully requests that the Director advocate for **requiring** an updated analyses in all requests for a CPCN to ensure that the CPCN reflects the appropriate decisions for ratepayers *at the time the CPCN application is filed*. The burden should be on the utility in a CPCN case to show *why its IRP results are still valid*. For example, if a CPCN is filed within just a few months of the IRP filing, perhaps that is true.

4. The Director summarized stakeholders' comments and Duke's response to the comments, and then provided his own responses. The many pages of stakeholders' constructive criticism of the process and substance of the IRPs are generally addressed in just a handful of paragraphs. While the Director is certainly not obligated to agree with any particular comment, the Director should *directly and specifically address* concerns raised about the substance of the IRP. The Director is well aware of such factors as the material rise in natural gas prices, plunging coal prices, the increased permitting challenges for new pipelines, the passage of the Inflation Reduction Act which materially increased the credits for carbon capture, and the supply chain delays which have resulted in a number of utilities in the state of Indiana and elsewhere in delaying coal plant retirements.
5. Reliable Energy understands that formal expectations on IRP development must come from the Commission rather than stakeholders. However, the Director and Staff undoubtedly play a critical and influential role in the development of IRPs. The following is a great example of the kind of specific guidance the Director's Report should include:

The Director agrees with CAC et al.'s concern about the substance and tone of the public advisory process. In fact, the Director sees many of the other problems raised by CAC et al in their comments on the DEI IRP as being, in no small part, the result of a failure to adequately communicate by DEI in both the public advisory meetings and the IRP document itself...To be clear, the Director wants to emphasize that the IRP is DEI's document, but DEI should be open to consideration of alternative thoughts and perspectives with the idea of making the resulting IRP better than it might otherwise be.

Reliable Energy appreciates the opportunity to comment on the Director's draft. Certainly the IRP process is much improved, and the Commission and Staff have driven many of those improvements. Reliable Energy encourages the Commission and Staff to continue to develop IRP

³ https://www.in.gov/iurc/files/ord_GAO2022-01_070622.pdf

and CPCN requirements that balance the interests of utilities and their stakeholders, as well as to modernize the IRP process to recognize the impact of rapidly changing energy markets and the inherent advantage utilities have in the existing IRP process.

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