



Dr. Bradley Borum, Director of Research, Policy, and Planning
Indiana Utility Regulatory Commission
PNC Center, 101 W. Washington Street, Suite 1500E
Indianapolis, IN 46204

Dated: March 6, 2026

Re: Sierra Club Comments on CenterPoint 2025 IRP

Dear Dr. Borum:

Sierra Club appreciates the opportunity to engage with CenterPoint's resource planning process and provide feedback on CenterPoint's 2025 Integrated Resource Plan (IRP). Sierra Club's main priority is to secure a commitment from CenterPoint to end coal-burning at F.B. Culley 3 (FBC3) as soon as possible, as such an outcome would reduce costs and risks for regulated customers and improve environmental quality. In addition, we highlight the long-term importance of adding renewable and battery storage resources to CenterPoint's system, and of planning for large-load growth in a way that protects existing ratepayers from rate increases. To achieve these goals, we offer the following recommendations to improve CenterPoint's resource planning:

1. CenterPoint should commit to end coal-burning at FBC3 by 2030. It can achieve this by converting the unit to gas within the next 1–2 years. CenterPoint should also continue to evaluate the economics of FBC3 to determine when it would be economic to retire and replace this aging unit.
2. As part of its next IRP, CenterPoint should re-test whether battery storage paired with solar and wind would provide lower cost capacity and energy than the A.B. Brown 7 (ABB7) combined cycle (CC) conversion. Over the long term, CenterPoint should continue testing the market to see if it would be economic to add solar and wind as energy resources to displace generation from fossil resources. CenterPoint should

continuously update the resource cost assumptions that it uses for resource planning based on a rigorous review of market conditions.

3. CenterPoint should not build and rate-base new gas capacity to serve prospective large-load customers. Instead, it should take steps to serve new large load with clean energy resources and ensure tariffs and protections are in place to shield existing ratepayers from the impacts of prospective large load.

Summary of CenterPoint’s Preferred Portfolio

To develop its preferred portfolio, CenterPoint modeled 12 core resource portfolios, as well as five portfolios examining the impacts of prospective large-load customer growth, which we discuss in more detail below.¹ The portfolios illustrate the impacts of key decisions related to the retirement of FBC3; conversion of the A.B. Brown 5 and 6 combustion turbine units (ABB5 and ABB6) to a 2x1 combined cycle plant (ABB7); options for re-using CenterPoint’s existing interconnection rights at the F.B. Culley 2 (FBC2) site; and long-term resource buildout.

After evaluating the modeling results across a variety of metrics, CenterPoint selected the Delayed Reference Case as its preferred portfolio. This portfolio converts ABB5 and ABB6 to ABB7 in early 2034 and retires FBC3 at the end of the same year.² Notably, the preferred portfolio does not include any solar or wind additions beyond existing planned projects.³ It includes limited battery energy storage system (BESS) additions: 90 MW in 2028 at the FBC2 site, and 100 MW added between 2040 and 2045.⁴

To create the Delayed Reference Case portfolio, CenterPoint manually delayed the addition of ABB7 and retirement of FBC3 relative to its original Reference Case results (Table 1). In the original Reference Case portfolio, the model selects ABB7 in 2030 and retires FBC3 by the end of 2031.⁵ CenterPoint did not allow the model to endogenously retire FBC3, instead offering the model only three possible retirement dates (year-end 2031, 2034, or after 2045).⁶ As a result, although the model selects the earliest available retirement date for FBC3, CenterPoint’s system has excess capacity from 2030–2031 while both FBC3 and ABB7 are online.⁷ If it had the option

¹ CenterPoint 2025 IRP, Volume 1, at 138 and 179.

² CenterPoint 2025 IRP, Volume 1, at 162.

³ CenterPoint 2025 IRP, Volume 1, at 145.

⁴ *Id.*

⁵ CenterPoint 2025 IRP, Volume 1, at 145 and 151.

⁶ CenterPoint 2025 IRP, Volume 1, at 106.

⁷ CenterPoint 2025 IRP, Volume 1, at 152.

to select an earlier retirement date, the model would likely have chosen to economically retire FBC3 as soon as ABB7 came online in 2030, to avoid this excess capacity and reduce costs for customers.

Table 1. Comparison of resource additions in the Preferred Portfolio and the original Reference Case

| Category | Preferred Portfolio (Delayed Reference Case) | Reference Case |
|-----------------|--|--|
| Coal | Retire FBC3 year-end 2034 | Retire FBC3 year-end 2031 |
| Gas | ABB7 in 2034 | ABB7 in 2030 |
| Battery storage | 90 MW in 2028 (at FBC2 site) 50 MW in 2040 50 MW in 2045 | 100 MW in 2033 50 MW in 2040 50 MW in 2043 |
| Wind and solar | None | None |

Source: CenterPoint 2025 IRP at 145.

The Reference Case portfolio has slightly lower long-term costs than the preferred portfolio. It has a 20-year net present value of the revenue requirement (NPVRR) of \$3.7 billion, compared to \$3.8 billion for the preferred portfolio.⁸ However, the construction of ABB7 in 2030 in the Reference Case portfolio results in a larger near-term rate increase than the preferred portfolio. CenterPoint decided to delay the addition of ABB7 to prioritize near-term customer affordability.⁹ In addition, the preferred portfolio avoids locking in any major investment decisions until its next IRP.¹⁰ CenterPoint views this as beneficial given current market uncertainty related to new resource costs.

CenterPoint should commit to end coal-burning at F.B. Culley 3 as soon as possible.

Sierra Club’s main concern with the preferred portfolio is that it extends coal-burning at FBC3 through 2034, seven years after CenterPoint planned to end coal-burning at the unit in its last IRP. While we recognize the importance of CenterPoint’s goal of protecting near-term customer affordability, it is not in the best interest of ratepayers to continue burning coal at FBC3 through 2034. Prolonging coal-burning at FBC3 is expensive and will result in higher greenhouse gas emissions and increased air pollution, harming public health. For example, the Delayed Reference Case results in 37 percent higher nitrous oxide (NOx) emissions and 70 percent higher sulfur dioxide (SO₂) emissions from 2026–2045 than the Reference Case, which retires FBC3 three years earlier.¹¹

⁸ CenterPoint 2025 IRP, Volume 1, at 150.

⁹ CenterPoint 2025 IRP, Volume 1, at 7.

¹⁰ *Id.*

¹¹ CenterPoint 2025 IRP, Volume 1, at 150.

In its 2023 IRP, CenterPoint planned to convert FBC3 to gas by 2027.¹² Gas conversion still represents a relatively low-cost pathway to end coal-burning at the unit within the next 1–2 years. Compared to constructing a replacement resource such as ABB7, gas conversion involves a small near-term additional capital investment of \$70 million (Table 2). Constructing ABB7 in 2030, which is the option that CenterPoint rejected because of its near-term rate impact, would cost over ten times more at \$848 million.

Table 2. Comparison of capital costs for FBC3 gas conversion and the ABB7 combined cycle project

| Cost category | FBC3 gas conversion | ABB7 in 2030 |
|-----------------------------------|---------------------|--------------|
| Incremental winter capacity (MW) | 270 | 448 |
| Capital cost (Millions of 2025\$) | \$70 | \$848 |
| Cost per kW (2025\$ / kW) | \$260 | \$1,894 |

Notes: ABB7 has a total winter capacity of 912 MW and summer capacity of 850 MW. Because it replaces the existing ABB 5 and 6 CTs, which have a combined capacity of 464 MW, ABB7 contributes 448 MW of incremental winter capacity. ABB7 cost data is from CenterPoint 2025 IRP at 107; FB Culley 3 cost data is from "CONFIDENTIAL - FBC3 NG Conversion Estimates.xlsx." Capital costs do not include construction financing costs.¹³

We acknowledge that CenterPoint did model a scenario with gas conversion of FBC3 (FBC3 Gas Conversion with Renewables) that resulted in a higher NPVRR than the preferred portfolio by \$540 million (14 percent).¹⁴ However, we are concerned that this scenario did not fully capture the potential benefits of converting FBC3 to gas. In the FBC3 Gas Conversion with Renewables portfolio, CenterPoint modeled FBC3 converting to gas at the beginning of 2030. This portfolio does not add ABB7, and instead relies on continued operation of FBC3 and near-term BESS additions to meet capacity needs in the 2030s (Table 3).¹⁵ We recommend that CenterPoint test a scenario that includes both conversion of FBC3 to gas in the near-term (e.g., 2028) and the addition of ABB7 by the mid-2030s, to see if this results in a lower NPVRR.

¹² CenterPoint 2025 IRP, Volume 1, at 7.

¹³ While some of the information in Table 2 was derived from data that CenterPoint had labeled confidential and protected from public disclosure, Sierra Club conferred with CenterPoint during the drafting of these comments and confirmed with CenterPoint that the data provided here is not considered confidential by CenterPoint as the numbers provided here are aggregated values, the public disclosure of which does not reveal specific confidential information.

¹⁴ CenterPoint 2025 IRP, Volume 1, at 150.

¹⁵ CenterPoint 2025 IRP, Volume 1, at 157.

Table 3. Comparison of resource additions in the preferred portfolio and FBC3 gas conversion with renewables scenarios

| Resource Type | FBC3 Gas Conversion with Renewables | Preferred Portfolio (Delayed Reference Case) |
|-----------------|--|--|
| Coal | Convert FBC3 to gas in 2030 | Retire FBC3 year-end 2034 |
| Gas | Continue ABB5 and 6 as CTs | ABB7 in 2034 |
| Battery storage | 250 MW BESS in 2033 50 MW in 2042 100 MW in 2045 | 90 MW in 2028 (at FBC2 site) 50 MW in 2040 50 MW in 2045 |
| Wind and solar | 200 MW wind in 2040 400 MW wind in 2045 | None |

Source: CenterPoint 2025 IRP at 145.

After converting FBC3 to run on gas, CenterPoint should continue to evaluate the economics of the unit compared to replacement resources, especially given that FBC3 has been unreliable in recent years. FBC3 was offline from June 2022 to March 2023 after the boiler feed pump turbine failed.¹⁶ CenterPoint’s best repair option was to procure a replacement part from a retired coal plant in Montana.¹⁷ In 2025, FBC3 was offline for nine weeks from February to April due to a main transformer failure believed to be caused by a lightning strike.¹⁸ Later that year, CenterPoint had to extend a planned outage at FBC3 because a part had been machined improperly, resulting in the unit being offline longer than CenterPoint originally planned.^{19,20}

While these incidents do not appear to be CenterPoint’s fault, they highlight the risks of continued reliance on aging thermal assets such as FBC3, which is now 53 years old.²¹ The unit is increasingly vulnerable to outages and may not be available as a capacity resource when CenterPoint needs it. Continuing to keep FBC3 online also forces CenterPoint to make additional investments in the unit to repair equipment as it fails. To avoid unnecessary investments in the

¹⁶ Indiana Utility Regulatory Commission, Cause No. 38708 FAC 137-S1, Direct Testimony of F. Shane Bradford at 4–8 (March 29, 2023).

¹⁷ *Id.*

¹⁸ Indiana Utility Regulatory Commission, Cause No. 38708 FAC 148, Direct testimony of F. Shane Bradford at 14 (August 15, 2025).

¹⁹ CenterPoint comments at Indiana Utility Regulatory Commission 2025 Winter Reliability Forum, available at: https://www.youtube.com/live/bCzALF4V45M?si=J_zBq3tsn35rjEnT&t=5306.

²⁰ Indiana Utility Regulatory Commission, Cause No. 38708 FAC 149, Direct testimony of F. Shane Bradford at 14 (November 17, 2025).

²¹ CenterPoint 2025 IRP, Volume 1, at 98.

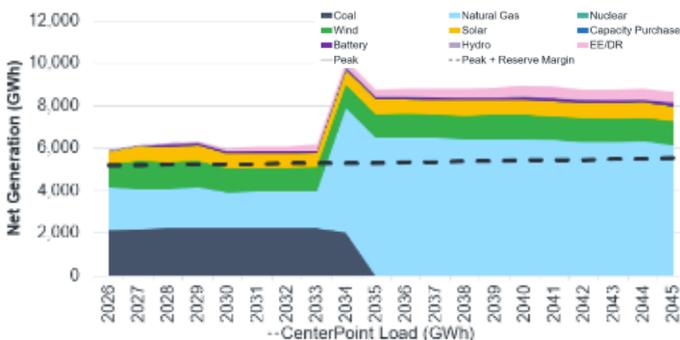
unit, CenterPoint should convert FBC3 to gas and thereafter consider retiring the unit as soon as it is economic to do so.

CenterPoint should continue testing the market to see if battery storage, solar, and wind are economic resource additions to replace planned fossil additions and provide low-cost energy.

Sierra Club is also concerned that CenterPoint’s IRP shows limited long-term battery storage and renewable additions. The only near-term BESS addition in the preferred portfolio is the 90 MW project at the FBC2 interconnection site.²² There are no solar or wind additions in the preferred portfolio beyond those that the Company already has planned from prior procurements.²³ The limited BESS and renewable additions in the preferred portfolio appear to be a result of market disruptions and elevated resource costs that CenterPoint is currently experiencing.²⁴

Sierra Club supports CenterPoint in its plan to add BESS at the FBC2 site and encourages CenterPoint to continue looking for opportunities to economically add BESS, solar, and wind resources to its system, as CenterPoint has done for several years. Renewables and battery storage offer a variety of benefits to ratepayers, especially in light of the market uncertainties that CenterPoint highlights in its IRP. One primary benefit of adding renewables to CenterPoint’s system is that these resources will lower ratepayer exposure to fuel price volatility. The preferred portfolio results in a dramatic increase in the percentage of generation that CenterPoint plans to obtain from gas, which increases from around 35 percent in 2026 (2 TWh) to 74 percent in 2035 (6.5 TWh) (Figure 1).

Figure 1. CenterPoint generation mix in the preferred portfolio (Delayed Reference Case)



Source: CenterPoint 2025 IRP, Volume 1, at 163.

²² CenterPoint 2025 IRP, Volume 1, at 145.

²³ CenterPoint 2025 IRP, Volume 1, at 145.

²⁴ CenterPoint 2025 IRP, Volume 1, at 51–52. It is particularly important for CenterPoint to regularly update its cost assumptions for new resources given current upwards pressure on gas resource construction costs, and the dynamic nature of costs for clean energy resources.

This level of gas reliance, while preferable to coal, is risky, because it leaves customers exposed to fuel price volatility. Since gas is a global commodity, both domestic and global market forces impact price and demand for the resource. When the global market is constrained and fuel prices spike, ratepayers may face unexpected bill increases as a result of increased fuel charges. For instance, when Russia invaded Ukraine in 2022, European gas customers turned to U.S. gas supply, which drove up U.S. domestic gas prices. Those high costs were passed on directly to ratepayers. Replacing gas generation in the preferred portfolio with renewable generation would lower ratepayers' future exposure to a price volatility event.

Another advantage of BESS and solar resources are their short construction lead times of about two years, compared to six years for a combined cycle unit.²⁵ BESS, solar, and wind are also more modular than gas units, so CenterPoint can adjust the quantity it procures in a given year based on current market conditions and can procure resources incrementally to serve load growth as it materializes. Finally, BESS and renewables face no risk of operational restrictions or compliance retrofit costs from future environmental regulations.

During its next IRP, CenterPoint should reassess whether battery storage can provide incremental capacity at a lower cost than the ABB7 conversion. It should also continue re-testing the market to see how resource costs are changing and assess the economics of adding solar and wind as energy resources to displace generation from fossil resources.

Building new combined cycle capacity to serve prospective large-load customers will put existing ratepayers at risk, and CenterPoint should take steps to serve these customers with clean energy sources instead.

In addition to the portfolios discussed above, CenterPoint modeled five Alternate Reference Case portfolios to examine the impacts of potential large-load growth (e.g., from data centers or new industrial facilities) on its resource planning. These portfolios use a higher load forecast that includes 1.5 GW of demand growth from large-load customers that come online between 2027 and 2034, more than doubling CenterPoint's peak load.²⁶ While CenterPoint does not currently have signed contracts with any of these large-load customers, it is in conversation with several potential customers.²⁷

CenterPoint selected one of the five portfolios as an Alternate Preferred Portfolio. Overall, this portfolio has higher resource builds than the preferred portfolio without large load, including

²⁵ These lead-time estimates are based on each resource type's first year of availability in CenterPoint's core modeling scenarios. See CenterPoint 2025 IRP, Volume 1, at 133.

²⁶ CenterPoint 2025 IRP, Volume 1, at 80 and 179.

²⁷ CenterPoint 2025 IRP, Volume 1, at 186.

expanded gas buildout and continued reliance on FBC3 (Table 4). The Alternate Preferred Portfolio adds ABB7 in 2030, as well as a 1.4 GW CC in 2032 and a 385 MW generic combustion turbine (CT) in 2035. This portfolio also extends operation of FBC3 on coal for the entire study period (through 2045).²⁸ The other alternative load portfolios similarly rely on near-term CC buildout and/or extended operation of FBC3.²⁹

Table 4. Comparison of resource builds in the Preferred Portfolio and Alternative Preferred Portfolio

| Resource Type | Alternate Preferred Portfolio | Preferred Portfolio |
|-----------------|---|--|
| Coal | FBC3 through 2045 | Retire FBC3 year-end 2034 |
| Gas | ABB7 in 2030 1,361 MW 2x1 CC in 2032 385 MW CT in 2035 | ABB7 in 2034 |
| Battery storage | 90 MW in 2028 (at FBC2 site) 50 MW in 2040 100 MW in 2042 | 90 MW in 2028 (at FBC2 site) 50 MW in 2040 50 MW in 2045 |
| Wind and solar | Hybrid wind (200 MW) plus storage (100 MW) in 2045 | None |

Source: CenterPoint 2025 IRP, Volume 1, at 180.

Load growth from large-load customers, and in particular data centers, poses several risks for existing ratepayers—both in scenarios where the load materializes, and in scenarios where it does not. First, there is the risk that CenterPoint builds resources and supports infrastructure for prospective load that may not materialize fully or at all. This could leave existing ratepayers on the hook to pay for unneeded assets. Second, even if the load does materialize, large generation additions and transmission upgrades can increase system costs for all ratepayers under current tariff structures and cost allocation methodologies.

To protect existing ratepayers from rate increases, CenterPoint should (1) procure resources to serve large-load customers that have signed contracts for electric service only, (2) put safeguards in place to ensure new large-load customers pay their full incremental cost of service, and (3) rely on clean energy resources, demand flexibility, and distributed resources to serve new large-load customers, rather than fossil resources to the extent feasible.

As part of its resource *planning* process, it is reasonable for CenterPoint to model a scenario with high levels of large-load growth, as it did in the Alternate Reference Case. When CenterPoint moves into its resource *procurement* process, it should only include large-load customers that have signed contracts committing them to receive electric service from

²⁸ CenterPoint 2025 IRP, Volume 1, at 180.

²⁹ CenterPoint 2025 IRP, Volume 1, at 180.

CenterPoint. This will help CenterPoint avoid overbuilding for load that does not ultimately materialize.

CenterPoint should also ensure that the contracts it executes with large-load customers include safeguards that commit these customers to paying their full incremental cost of service (the cost of incremental generation not needed “but for” the large-load customers). Safeguards include minimum contract terms, minimum billing requirements, termination penalties, and requirements that load over a certain MW threshold be on a designated large-load tariff.

Building combined cycle resources and delaying the retirement of legacy coal assets to serve new large-load customers—as CenterPoint proposes in the Alternate Preferred Portfolio—is a particularly risky approach to serving these customers. Like the preferred portfolio without large load, the Alternate Preferred Portfolio has a high level of gas price exposure, with the share of generation from gas increasing from 35 percent in 2026 (2 TWh) to about 80 percent by 2035 (17 TWh).³⁰ This leaves ratepayers exposed to fuel price volatility risk.

In addition, combined cycle units are long-lived assets with operational lives of 40 years, which extends well beyond the typical length of large-load contract. If the large-load growth does not persist in CenterPoint’s service territory beyond its initial contract term, the costs of the CC resources will fall to the remaining ratepayers. The 20-year lifetime of BESS aligns more closely with the typical large-load contract length. This makes batteries more appropriate resource additions for this time of uncertain future load growth, when it is unclear how quickly large load will materialize and how long it will last. The batteries can be charged with low-cost renewable energy resources so that they are available during peak load periods.

CenterPoint’s plan to extend the operation of FBC3 on coal long-term also poses risk to ratepayers. Environmental regulations could result in high costs for CenterPoint if it attempts to operate FBC3 through 2045. While several environmental regulations are being challenged or relaxed presently, coal units like FBC3 will continue to face environmental regulation from existing and new programs, including the 2020 and 2024 Effluent Limitations Guidelines (ELG)

³⁰ CenterPoint 2025 IRP, Volume 1, at 183.

rules,^{31,32} Mercury and Air Toxics Standards (MATS),³³ and the Clean Air Act Section 111 GHG rules.³⁴

In addition to environmental compliance costs, CenterPoint will need to plan for both routine and unplanned capital expenditures to keep the 53-year-old unit operating for another two decades. If FBC3 trips offline unexpectedly, the reliability and cost impacts would be borne by all ratepayers, not just large-load customers it was intended to serve.

To avoid incurring these costs, CenterPoint should pursue opportunities for large-load customer demand flexibility. It should also prioritize diverse non-wires and distributed solutions, including behind-the-meter generation and distributed energy resources, to reduce the need to construct major new power plants to serve load. Finally, CenterPoint should partner with large-load customers that have clean energy commitments to meet new demand with renewable resources rather than fossil generation. These strategies will enable CenterPoint to avoid constructing new gas capacity and delaying the retirement of FBC3 to serve large-load customers.

Respectfully submitted,

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³¹ *Steam Electric Reconsideration Rule*, 85 Fed. Reg. 64,650 (Oct. 13, 2020), available at <https://www.govinfo.gov/content/pkg/FR-2020-10-13/pdf/2020-19542.pdf>.

³² *Supplemental Effluent Limitations Guidelines and Standards for the Steam Electric Power Generating Point Source Category*, 89 Fed. Reg. 40,198 (May 9, 2024), available at <https://www.govinfo.gov/content/pkg/FR-2024-05-09/pdf/2024-09185.pdf>.

³³ *National Emission Standards for Hazardous Air Pollutants: Coal- and Oil-Fired Electric Utility Steam Generating Units Review of the Residual Risk and Technology Review*, 89 Fed. Reg. 38,508 (May 7, 2024), available at <https://www.govinfo.gov/content/pkg/FR-2024-05-07/pdf/2024-09148.pdf>.

³⁴ *New Source Performance Standards for Greenhouse Gas Emissions From New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units; Emission Guidelines for Greenhouse Gas Emissions From Existing Fossil Fuel-Fired Electric Generating Units; and Repeal of the Affordable Clean Energy Rule*, 89 Fed. Reg. 39,798 (May 9, 2024), available at <https://www.govinfo.gov/content/pkg/FR-2024-05-09/pdf/2024-09233.pdf>.

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