TITLE 170 INDIANA UTILITY REGULATORY COMMISSION

Proposed Rule 15-06

Attached are the redline comments Hoosier Environmental Council, Inc. Revisions are either highlighted in yellow or noted by comments. The comments in blue are in the Commission strawman draft. This filing is made in consultation and with the support of the American Council for an Energy Efficient Economy. Comments or questions should be directed to:

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Council for Hoosier Environmental Council, Inc.

TITLE 170 INDIANA UTILITY REGULATORY COMMISSION

Proposed Rule
LSA Document #15~~2~~-xxx

DIGEST

Amends 170 IAC 4-7 to update the commission's rule requiring electric utilities to prepare and submit integrated resource plans **and amends 170 IAC 4-8 to update the commissions rule regarding utilities' demand side management plans**. Effective 30 days after filing with the Publisher.

170 IAC 4-7-0.~~1~~5
170 IAC 4-7-1
170 IAC 4-7-2
170 IAC 4-7-2.1
170 IAC 4-7-2.2
170 IAC 4-7-3
170 IAC 4-7-4
170 IAC 4-7-5
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170 IAC 4-8-1
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170 IAC 4-8-6
170 IAC 4-8-7
170 IAC 4-8-8

SECTION 1. 170 IAC 4-7-0.~~1~~5 IS ADDED TO READ AS FOLLOWS

ARTICLE 4. ELECTRIC UTILITIES
Rule 7. Guidelines for Electric Utility Integrated Resource Plans

170 IAC 4-7-0.~~1~~5 Applicability
Authority: IC 8-1-1-3; IC 8-1-8.5-3
Affected: IC 8-1-2.2; IC 8-1-2.3-2; IC 8-1-2.4; IC 8-1-8.5; IC 8-1-8.8-10; IC 8-1.5

Sec. 0.~~1~~5 (a) To assist the commission in its administration of the Utility Powerplant Construction Law, IC 8-1-8.5, this rule applies to the following electric utilities:

(1) Public investor owned.
(2) Municipally owned.
(3) Cooperatively owned.
(4) A joint agency created under IC 8-1-2.2. An individual member of a joint agency is not required to submit to the commission a separate IRP.
(b) This rule does not apply to a person who is exempt pursuant to IC 8-1-8.5-7.
(c) The following electric utilities are exempt from the public advisory process requirement in section 2.1 of this rule:
(1) Municipally owned.
(2) Cooperatively owned.
(3) A joint agency created under IC 8-1-2.2.
(Indiana Utility Regulatory Commission; 170 IAC 4-7-0.~~1~~5)

SECTION 2. 170 IAC 4-7-1 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-1 Definitions
Authority: IC 8-1-1-3**; IC 8-1-8.5-3**
Affected: IC 8-1-2.2; IC 8-1-2.3-2; IC 8-1-2.4; IC 8-1-8.5; IC 8-1-8.8-10; IC 8-1.5

Sec. 1. (a) **The definitions in this section apply throughout this rule.**
~~(a)~~ **(b)** ~~As used in this rule, "Allowance" or~~ "e**E**mission allowance" means the authority to emit one (1) ~~ton of sulfur dioxide (SO2), as defined under Section 7651 of the Clean Air Act Amendments of 1990, 42 U.S.C. 7401 to 7671q, effective November 15, 1990~~ **unit of any air pollutant as specified by a federal or state** ~~emission allowance~~**regulatory system**.
~~(b) As used in this rule,~~ **(c)** "Avoided cost" means the amount of fuel, operation, maintenance, purchased power, labor, capital, taxes, and other **short and long term** costs not incurred by a utility if an alternative supply or demand-side resource is included in the utility's integrated resource plan.
~~(c) As used in this rule, "Clean Air Act Amendments of 1990" or "CAAA" means Title IV, Acid Deposition Control, of the federal Clean Air Act Amendments of 1990, 42 U.S.C. 7401 to 42 U.S.C. 7671q, in effect November 15, 1990.~~
(d) "Candidate resource portfolio" means ~~a long-term resource mix selected~~ **one of multiple long-term resource portfolios selected for further evaluation through the utility's portfolio screening process** ~~to be further analyzed as necessary~~ **to determine the preferred resource portfolio.**
~~(d) As used in this rule,~~ **(e)** "Cogeneration facility" means the following:
(1) A facility that simultaneously generates electricity and useful thermal energy and meets the energy efficiency standards established for a cogeneration facility by the Federal Energy Regulatory Commission (FERC) under 16 U.S.C. 824a-3~~, in effect November 9, 1978~~.
(2) The land, system, building, or improvement that is located at the project site and is necessary or convenient to the construction, completion, or operation of the facility.
(3) The transmission or distribution facilit**ies**~~y~~ necessary to conduct the energy produced by the facility to a user located at or near the project site.
~~(e) As used in this rule,~~ **(f)** "Commission" means the Indiana utility regulatory commission.

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Comment [A1]: Why are the T&D facilities included in the definition for a cogen facility?

(g) "Commission analysis" means the required state energy analysis developed by the commission under Ind. Code § 8-1-8.5-3.

~~(f) As used in this rule,~~ **~~(g)~~** ~~"Conservation" means reducing the amount of energy consumed by a customer for a specific end-use. Conservation includes behavior changes such as thermostat setback. Conservation does not include changing the timing of energy use, switching to another fossil fuel source, or increasing off-peak usage.~~

(h) "Contemporary issues" means any topic that may affect the inputs, methods, or judgment factors in an IRP that is common to all Indiana jurisdictional utilities. Topics may include, but are not limited to, the following types of issues:

(1) Economic.
(2) Financial.
(3) Environmental.
(4) Energy.
(5) Demographic.
(6) Customer.
(7) Methodological.
(8) Regulatory.
(9) Technological.

(i) "Contemporary methods" means any methodological aspect involved with developing an IRP that represents the best practice of the electric industry to improve the quality of an IRP analysis.

~~(g) As used in this rule,~~ **(j)** "Demand-side management" or "DSM" means the planning, implementation, and monitoring of a utility activity designed to **achieve energy efficiency or demand response**~~influence customer use of electricity that produces a desired change in a utility's load shape~~. DSM includes only an activity that involves deliberate intervention by a utility to alter load~~ shape~~.

~~(h) As used in this rule,~~ **(k)** "Demand-side measure" means a particular end-use device, technology, service, or rate design at a targeted customer's premises or a utility's energy delivery system for a specific DSM program.

~~(i) As used in this rule,~~ **(l)** "Demand-side program" means a utility program designed to implement a demand-side measure.

~~(j) As used in this rule,~~ **(m)** "Demand-side resource" means a resource that reduces the demand for electrical power or energy by applying a demand-side program to implement one (1) or more demand-side measures.

(n) "Director" means the director of the electricity division of the commission.

~~(k) As used in this rule,~~ **(o)** "Discount rate" means the interest rate used in determining the present value of future cash flows.

~~(l) As used in this rule, "dispersed~~**(p) "Distributed** generation" means electric generation technology that is customer sited and owned. Distributed generation can include renewable sources such as wind or solar power and cogeneration. ~~relatively small in size, and~~ **~~is usually~~ installed** ~~its~~ **whose** ~~implementation favors installation near a load center or remote location on the subtransmission or distribution system.~~ **~~Distributed generation can include self-generation.~~**

~~(m) As used in this rule,~~ **(q)** "End-use" means the light, heat, cooling, refrigeration, motor drive, microwave energy, video or audio signal, computer processing, electrolytic process, or other useful work produced by equipment using electricity.

Comment [A2]: As noted in the Tech conference, this term should be defined in a manner consistent with SEA 412.

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~~(n) As used in this rule,~~ **(r)** "Energy efficiency ~~improvement~~" means ~~reduced~~ **reducing** energy use for the same or improved~~a comparable~~ level of energy service.

(s) "Energy conservation" means reducing energy use but also reducing energy services. Examples would include turning down a thermostat or taking shorter showers.

~~(o) As used in this rule,~~ **(s)** "Energy service" means the light, heat, motor drive, and other service for which a customer purchases electricity from the utility.

~~(p) As used in this rule,~~ **(t) "Energy storage" means a:**

(1) technology; or

(2) set of technologies;

Capable of storing previously generated electric or thermal energy and discharging that energy as electricity at a later time.

(u) "Engineering estimate" means an estimate of energy (kWh) and demand (kW) impact resulting from a ~~demand-side~~**DSM** measure based on an engineering calculation procedure. An engineering estimate addresses change in energy use of a building or system resulting from installation of a DSM measure. ~~If multiple DSM measures are installed, a~~**A**n engineering estimate accounts for the interactive effect between the DSM measures **and existing equipment as well as the interactive effect between multiple DSM measures, if applicable**.

(v) "FERC Form 715" means the annual transmission planning and evaluation report required by the Federal Energy Regulatory Commission (FERC), as adopted in 58 FR 52436, Oct. 8, 1993, and as amended by Order 643, 68 FR 52095, Sept. 2, 2003.

~~(q) As used in this rule,~~ **(w)** "Firm wholesale power sale" means a power sale intended to be available to the purchaser at all times, including under adverse conditions, during the period covered by the commitment.

~~(r) As used in this rule, "hourly system lambda" means the change in a utility's total cost associated with a marginal change in hourly load. The hourly system lambda is a short run measure that reflects the change in fuel cost and includes incremental (or decremental) operation and maintenance expenses.~~

~~(s) As used in this rule,~~ **(x)** "Integrated resource ~~planning", "~~plan" or "IRP" means a utility's ~~assessment of a variety of demand-side and supply-side resources to cost-effectively meet customer electricity service needs. The IRP may also include, but is not limited to, the following:~~

~~(1) A public participation procedure .~~

~~(2) An analysis of the uncertainty and risk posed by different resources and external factors~~ **document submitted to the commission in order to meet the requirements of this rule**.

~~(t) As used in this rule,~~ **(y)** "Load building" means a program intended to increase electricity consumption without regard to the timing of the increased usage.

~~(u) As used in this rule,~~ **(z)** "Load research" means the collection of electricity usage data through a metering device associated with an end-use, a circuit, or a building. The metered data is used to better understand the characteristics of electric loads, the timing of their use, and the amount of electricity consumed by users. The data may be collected over a variety of time intervals, usually sixty (60) minutes or less.

~~(v) As used in this rule,~~ **(aa)** "Load shape" means the time pattern of customer electricity use and the relationship of the level of energy use to a specific time during the day, month, and year.

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~~(w) As used in this rule, "Lost opportunity" means a situation where a cost-effective demand-side measure could have been installed at a site during construction, renovation, or replacement of equipment, but was not, rendering a subsequent equal or more extensive modification to the site not cost-effective.~~

~~(x) As used in this rule,~~ **(bb)** "Non-utility generator" or ~~"NUG"~~ means a facility for generating electricity that:

(1) is not ~~exclusively~~ owned by a public utility;

(2) operates connected to an electric utility system; and

(3) sells electricity to a utility for resale to retail customers.

(cc) "North American industrial classification system" or "NAICS" means a system developed by the United States Department of Commerce for use in the classification of establishments by type of activity in which engaged, for purposes of facilitating the collection, tabulation, presentation and analysis of data relating to establishments, and for promoting uniformity and comparability in the presentation of statistical data collected by various agencies of the United States Government, state agencies, trade associations, and private research organizations.

~~(y) As used in this rule,~~ **(dd)** "Participant" means a utility customer participating in a utility-sponsored DSM program.

(dd) "Participant benefits" means the benefits accruing to energy efficiency program participants. These benefits include direct bill savings, the value of the financial incentive paid by the program administrator, and nonenergy benefits. Nonenergy benefits to the participant include but are not limited to: water savings, reduced O&M costs related to improved equipment performance, improved health and safety, other fuel savings, comfort, and improved property value.

~~(z) As used in this rule,~~ **(ee)** "Participant test" means a cost-effectiveness test that measures the value of an energy efficiency program from the perspective of the program participant. The costs include all of the direct expenses paid by the customer to implement an energy efficiency program. The benefits include customer bill savings, the financial incentive paid by the program administrator, and the other participant benefits associated with the program. ~~difference between the cost incurred by a participant in a demand-side program and the value received by the participant~~. A participant's cost includes all costs borne by the participant. A participant's value from a DSM program consists of all ~~only the direct~~energy and nonenergy related ~~economic~~ benefits received by the participant.

~~(aa) As used in this rule,~~ **(ff)** "Penetration" means the ratio of the number of a specific type of new units installed to the total number of new units installed during a given time.

(gg) "Power transfer capability" means the amount of power that can be transferred from one point or part of the bulk electric system to another without exceeding any reliability criteria pertinent to the utility.

(hh) "Preferred resource portfolio" means the utility's selected long-term resource mix that economically, safely and reliably meets electric system demand. ~~, taking cost, r~~Risk~~,~~ and uncertainty should be considered, ~~included~~including regional resources, environmental regulations, projections for fuel costs, load growth uncertainty, economic factors, and technological change. ~~into consideration.~~

~~(bb) As used in this rule,~~ **(ii)** "Present value" means today's value of ~~a~~ future ~~payment~~costs or benefits~~, or stream of payments~~, discounted ~~at some appropriate~~by a compound interest or discount rate.

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Comment [A3]: This test is flawed if you are going to include all of the costs and only some of the benefits. Participant benefits quantification is a decades old field of study and has produced reliable results.

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Comment [A4]: Units of what?

Comment [A5]: Including

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~~(cc) As used in this rule,~~ **(jj)** "Program cost" means all expenses incurred by a utility in a given year for operation of a DSM program whether the cost is capitalized or expensed. An expense includes, but is not limited to, the following:

(1) Program ~~A~~administration.

(2) Equipment.

(3) Incentives paid to program participants.

(4) Marketing and advertising.

(5) **Evaluation, ~~M~~m**onitoring and ~~evaluation~~**verification**.

~~(dd) As used in this rule,~~ **(kk)** "Public ~~participation~~ **advisory process**" means ~~a procedure~~ **the procedures referenced in section 2.1 of this rule** ~~where a customer or interested party is provided~~ **in which customers and interested parties have** the opportunity to **receive information from the utilities, and provide input for the utility to consider in the development of the IRP and** comment on a utility's ~~integrated resource plan~~**IRP** prior to the submission of the IRP to the commission.

~~(ee) As used in this rule,~~ **(ll)** "Ratepayer impact measure" or "RIM" test means a cost-effectiveness test which ~~analyzes how a rate for electricity is altered by implementing a DSM program.~~ Provides an indication of the impact of energy efficiency programs on utility rates. The costs of this test include program costs and utility lost revenues. The benefits include utility system benefits from the implementation of the program. ~~This test measures the change in a revenue requirement expressed on a per unit of sale basis.~~

(mm) "Regional transmission organization" or "RTO" means the regional transmission organization approved by the Federal Energy Regulatory Commission for the control area that includes the utility's assigned service area (as defined in IC 8-1-2.3-2).

~~(ff) As used in this rule,~~ **(nn)** "Renewable resource" means a ~~generation facility or technology utilizing a fuel source such as, but not limited to, the following:~~

~~(1) Wind.~~

~~(2) Solar.~~

~~(3) Geothermal.~~

~~(4) Waste.~~

~~(5) Biomass.~~

~~(6) Small hydro.~~

renewable energy resource as defined in IC 8-1-8.8-10.

~~(gg) As used in this rule,~~ **(oo)** "Resource" means a facility, project, contract, or other mechanism used by a utility to provide electric energy service to the customer. A resource can also refer to energy efficiency.

(pp) "Resource action" means a resource change or addition proposed by a utility in a formally docketed commission proceeding.

(qq) "Risk metric" means a measure used to gauge the risk associated with a resource portfolio. As applied to the cost of a resource portfolio, this includes measures of the variability of costs and the magnitude of outcomes.

~~(hh) As used in this rule,~~ **(rr)** "Saturation" means the ratio of the number of a specific type of similar appliance or equipment to the total number of customers in that class or the total number of similar appliances or equipment in use.

~~(ii) As used in this rule,~~ **(ss)** "Screening" means an evaluation performed by a utility to determine whether a demand-side or supply-side resource option is eligible for potential inclusion in the utility's ~~integrated resource plan~~**preferred resource portfolio**~~.~~

Comment [A6]: Lost revenue does not fit this definition as lost revenue is not an expense incurred by a utility for operation of a DSM program. Lost revenues are the recovery of already approved utility system costs.

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~~(jj) As used in this rule,~~ **(tt)** "Self-generation" means an electric generation facility primarily for the customer's own use and not for the primary purpose of producing electricity, heat, or steam for sale to or for the public for compensation.

~~(kk) As used in this rule,~~ **(uu)** "Short term action plan" means a schedule of activities and goals developed by a utility to begin efficient implementation of its ~~integrated resource plan~~ **preferred resource portfolio**.

(vv) "Smart grid" means use of digital electronics, equipment, or data, and the associated communications networks, to monitor and control any aspects of the electrical transmission and distribution system from generation to consumption.

~~(ll) As used in this rule, "standard industrial classification" or "SIC" means a system developed by the United States Department of Commerce for use in the classification of establishments by type of activity in which engaged, for purposes of facilitating the collection, tabulation, presentation and analysis of data relating to establishments, and for promoting uniformity and comparability in the presentation of statistical data collected by various agencies of the United States Government, state agencies, trade associations, and private research organizations.~~

(ww) "Societal cost test" means a cost-effectiveness that measures the costs and benefits of an energy efficiency program from the perspective of all members of society. The costs in this test include the net costs to the program administrator and participants. The benefits include all of the utility system and participant benefits, as well as monetized environmental and nonenergy benefits, including all externalities.

~~(mm) As used in this rule,~~ **(ww)** "Supply-side resource" means a resource that provides a supply of electrical energy or capacity, or both, to a utility. A supply-side resource **may** include the following:

(1) A utility-owned generation capacity addition.

(2) A wholesale power purchase from another utility or non-utility generator.

(3) A refurbishment or upgrading of an existing utility-owned generating facility.

(4) A cogeneration facility.

(5) A renewable resource technology.

(6) Distributed generation.

~~(nn) As used in this rule,~~ **(xx)** "Targeted demand-side management" or "targeted DSM" means a demand-side program designed to defer or ~~eliminate~~ avoid investment in a transmission or distribution facility in a specific location~~.~~

~~(oo) As used in this rule,~~ **(yy)** "Total resource cost test" means a cost-effectiveness test ~~that~~ that measures the costs and benefits of an energy efficiency program from the perspective of all utility customers. The costs in this test include the net costs to the program administrator and participants. The benefits include all utility system and participant benefits. ~~eliminates the distinction between a participant and nonparticipant by analyzing whether a resource is cost-effective based on the total cost and benefit of the program, independent of the precise allocation to a shareholder, ratepayer, and participant~~.

~~(pp) As used in this rule,~~ **(zz)** "Utility" means:

(1) a public, municipally owned, or cooperatively owned utility; or

(2) a joint agency created under IC 8-1-2.2.

~~(qq) As used in this rule,~~ **(aaa)** "Utility cost test" **(also known as the** ~~or "~~revenue requirements test**, or program administrator cost test)"** means a cost-effectiveness test that measures the costs and benefits of an energy efficiency program from the perspective of the

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utility or program administrator. The costs in this test include program administrative costs and incentives paid to participants. The benefits in this test include all utility system benefits. ~~designed to minimize **measure the ratio of the benefits (to the utility) to the costs incurred by the utility. (** the net present value of a utility's revenue requirements**).**~~

(bbb) "Utility system benefits" are the energy and nonenergy benefits accruing to the utility system resulting from the implementation of an energy efficiency program. These benefits include but are not limited to: avoided cost of energy, avoided cost of generating capacity, avoided cost of transmission and distribution, avoided cost of ancillary services, avoided cost of environmental compliance, demand reduction induced price effects, utility specific nonenergy benefits, and avoided line losses.

(Indiana Utility Regulatory Commission; 170 IAC 4-7-1; filed Aug 31, 1995, 9:00 a.m.: 19 IR 16; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)

SECTION 3. 170 IAC 4-7-2 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-2 Procedures and effects of filing integrated resource plans

Authority: IC 8-1-1-3**; IC 8-1-8.5-3**

Affected: IC 5-14-3; IC 8-1-1-8; IC 8-1-8.5; IC 8-1.5

Sec. 2. (a) **The following utilities, or their successors in interest, must submit to the commission an IRP that covers at least a 20 year planning horizon consistent with this rule according to the following schedule**:

(1) Duke Energy Indiana, Indiana Michigan Power Company, Indiana Municipal Power Agency, ~~and Wabash Valley Power Association~~ on November 1, 201~~5~~3, and ~~biennially~~ every three years thereafter.

(2)~~ Hoosier Energy Rural Electric Cooperative,~~ Indianapolis Power and Light Company, Northern Indiana Public Service Company, and Southern Indiana Gas and Electric Company on November ~~1~~1, 201~~6~~4, and ~~biennially~~ every three years thereafter.

(3) Indiana Municipal Power Agency, and Wabash Valley Power Association on November 1, 2015, November 1, 2017 and every three years thereafter.

(4) Hoosier Energy Rural Electric Cooperative on November 1, 2017 and every three years thereafter.

Upon request of a utility, the director may grant an extension of any such submission dates, for good cause shown.

(b) Prior to constructing, purchasing, or leasing a generating facility to provide electric service within the state of Indiana, a utility not listed in subsection (a) must submit to the commission an IRP consistent with this rule. If the generating facility, after appropriate commission review, is constructed, purchased, or leased, the utility shall submit to the commission every three years~~on a biennial basis~~, an IRP consistent with this rule.

(c) A utility subject to section 0.5~~1~~ must submit to the commission, on or before the applicable date as specified in subsection (a), the following documents:

(1) The integrated resource plan.

Comment [A7]: This test most closely compares the cost of energy efficiency resources with supply side resources. This test is often known as the revenue requirements test because it will tell you if a utility revenue requirement will be raised as a result of the program. If this test produces a ratio below 1.0, revenue requirements will increase in the long term as a result of the program. If the test produces a ratio above 1.0, the program will reduce utility revenue requirements over time, saving all ratepayers money.

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Comment [A8]: The triennial review should be conducted in a way so that the five IOUs are spread out over the three years—for instance, year 1, Duke and Hoosier; year two , NIPSCO, IPL and WVPA; year 3, I&M,SIGECO and IMPA.

(2) A technical appendix containing supporting documentation.

(3) An IRP summary document as described in section 4(a) of this rule.

(d) The documents listed in subsection (c) shall be submitted electronically to the director.

~~The commission may use an IRP or written comments, or both, submitted pursuant to this rule, to assist in the preparation of an analysis of the long range needs for expansion of facilities for the generation of electricity and plan for meeting the future requirements of electricity as required by IC 8-1-8.5. The commission may also use the IRP or written comments, or both, submitted pursuant to this rule in the preparation of a staff report in other formally docketed proceedings.~~

~~(1) An IRP or written comments submitted to the commission pursuant to this rule may be admitted as evidence in a formally docketed proceeding before the commission under the Indiana Rules of Evidence:~~

~~(2) The commission shall give such weight as it determines appropriate to any IRP, or written comments submitted to the commission thereon, admitted as evidence in a formally docketed proceeding as provided in subsection 2(a)(1) *[subdivision (1)]* above.~~

~~(3) An IRP or comments submitted pursuant to this rule may not be admitted as evidence in a formally docketed proceeding before the commission through use of 170 IAC 1-1-18(f).~~

~~(b) Notice of the submission of an IRP to the commission shall be provided pursuant to the publication requirements of IC 8-1-1-8.~~

~~(c)~~**(e)** Contemporaneously with the submission of an IRP to the commission, a utility must include the following information:

(1) The name and address, if known, of each individual or entity considered by the utility to be an interested party.

(2) A statement that the utility has sent each interested party, **electronically or** by deposit in the United States mail, First Class postage prepaid, a notice of the utility's submission of an IRP to the commission. The notice must contain, at a minimum, the following information:

(A) A general description of the subject matter of the submitted IRP.

(B) A statement that the commission invites an interested party to submit written comment on the utility's submitted IRP.

(C) A statement that ~~the commission will provide notice of the IRP and the due date for the submission of written comments pursuant to the publication requirements of IC 8-1-1-8. The statement must also include that~~ subsection ~~(c)~~ **(g)** below provides for a ninety(90) day time period~~, or longer as determined by the commission,~~ to submit written comments.

A utility is not required to separately notice, as provided in this subsection, each of its customers. A utility may, however, individually notify a business, organization, or a particular customer having a substantial interest in the IRP.

(3) A statement that the utility has served a copy of the IRP on the office of the consumer counselor.

~~(d) An IRP submitted to~~ **(f)** The commission **shall make a submitted IRP available:**

(1) on its website; and

Comment [A9]: Filing should be done through EFS interface and posted accordingly. All responses should be filed in a similar matter.

(2) ~~may~~ **to** be viewed, inspected, or copied, ~~in accordance with IC 5-14-3,~~ at the office of the commission at 101 West Washington Street, Suite 1500 E, Indianapolis, Indiana 46204**;**

in accordance with IC 5-14-3 and any determination by the commission regarding confidentiality under 170 IAC 1-1.1-4.

~~(e)~~**(g)** A customer or interested party may comment on an IRP submitted to the commission. The comments must:

(1) be in writing**;**

(2) ~~and~~ received by the commission within ninety (90) days from the date a utility submits an IRP to the commission~~. A customer or interested party must~~;

~~(1) submit~~ **(3) be submitted** to the commission:

(A) as a paper original at the address provided in subsection ~~(d)~~**(f); or**

(B) ~~an original and eight (8) copies of the written comments~~ **electronically to the director**;

~~(2)~~ **(4)** clearly identify the utility upon which written comments are submitted; and

~~(3) when submitting written comments on an IRP, serve a copy of the comments~~ **(4) be served** upon the utility.

The ~~commission~~ **director** may extend the filing deadline for submitting written comments.

~~(f)~~**(h) The director shall issue a draft report on the IRP no later than 120 days from the date a utility submits an IRP to the commission.**

(i) ~~Upon the receipt of written comments of a customer or interested party, a utility may submit to the commission supplemental or response comments.~~ **Supplemental or response comments may be submitted by:**

(1) the utility; or

(2) any customer or interested party ~~**that submitted written comments**~~**.**

(j) Supplemental or response comments must be:

(1) in writing; ~~and~~

(2) received by the commission within thirty (30) days from the date ~~a customer or interested party submits comments to the commission. A utility must~~;

~~(1) submit~~ **the director issues the draft report;**

(3) submitted to the commission, ~~at the address provided in subsection (d) an original and eight (8) copies of the written comments~~ **electronically to the director**~~an original and eight (8) copies of the supplemental or response comments~~; and**;**

~~(2) serve a copy of the supplemental or response comments~~ **(4) served** upon:

(A) the utility;

(B) ~~the~~ **any** customer or interested party who submitted written comments; and

(C~~**B**~~**)** the office of the **utility** consumer counselor.

The ~~commission~~ **director** may extend the filing deadline for submitting supplemental or response comments.

~~(g)~~**(i)** The ~~commission~~ **director** may allow additional written comment periods.

(j) The director shall issue a final report on the IRP within 30 days following the deadline for supplemental or response comments.

(k) The draft report and the final report shall be limited to the:

(1) informational;

(2) procedural; and

(3) methodological

requirements of this rule.

(l) The draft report and final report shall not comment on:

(1) the utility's selection of its preferred resource plan; or

(2) any resource action chosen by the utility.

(m) Upon appropriate notice to the utility and interested parties, the director may extend the deadlines for issuance of the draft report and the final report.

(n) Failure by the director to issue a draft or final report shall result in a presumption that the IRP complies with this rule.

(o) The following documents shall be made available on the commission's website:

(1) Written comments.

(2) Responsive comments.

(3) The director's draft report.

(4) The director's final report.

~~(h)~~**(p)** The failure of an interested party to file comments ~~pursuant to subsection (c)~~ **under this rule** shall not constitute a waiver of any right to participate as a party or to advance any argument or position in a formally docketed proceeding before the commission. Similarly, the content of comments filed by an interested party under ~~subsection (c)~~ **this rule** shall not estop or preclude that party from advancing any argument or position in a formally docketed proceeding before the commission, whether or not that argument or position was raised in comments submitted under ~~subsection (c)~~**this rule**.

(q) Any resource action shall be consistent with the most recent IRP submitted under this rule, including its:

(1) inputs (including data and assumptions):

(2) methods (including models); and

(3) judgment factors (including the rationales used to determine inputs, methods, and risk metric(s));

unless any discrepancies between the most recent IRP and the resource action are fully explained and justified with supporting evidence, including updated IRP analyses.

(r) Documents submitted or created pursuant to this rule may be used as follows:

(1) To assist the commission in the preparation of ~~an analysis of the long range needs for expansion of facilities for the generation of electricity and plan for meeting the future requirements of electricity as required by IC 8-1-8.5.~~the commission analysis.

(2) In the preparation of a commission staff report in formally docketed proceedings before the commission.

(3) Submitted as evidence in a formally docketed proceeding before the commission. The commission shall give such weight as it determines appropriate to such evidence.

(Indiana Utility Regulatory Commission; 170 IAC 4-7-2; filed Aug 31, 1995, 9:00 a.m.:19 IR 18; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; errata filed Jul 21, 2009, 1:33 p.m.: 20090819-IR-170090571ACA)

SECTION 4. 170 IAC 4-7-2.1 IS ADDED TO READ AS FOLLOWS:

170 IAC 4-7-2.1 Public advisory process

Authority: IC 8-1-1-3**; IC 8-1-8.5-3**
Affected: IC 8-1-8.5

Sec. 2.1 (a) The utility shall have a public advisory process as outlined in this section.

(b) The utility shall:

(1) provide information to; and

(2) solicit and consider relevant and timely input from;

any interested party in regard to the development of the utility's IRP. ~~and related potential resource acquisition issues.~~

(c) The utility shall consider and timely respond to all relevant input provided by interested parties, including comments and concerns from the commission or its staff.

(d) The utility retains full responsibility for the content of its IRP.

(e) The public advisory process shall be administered as follows:

(1) The utility shall initiate and convene its own public advisory process. The utility will hold at least:

(A) one introductory meeting; and

(B) one meeting regarding its preferred resource portfolio;

before submittal of its IRP to the commission.

(2) Depending on the level of interest by commission staff, the public and interested parties in the utility's public advisory process, the utility may hold additional meetings.

(3) The utility shall take reasonable steps:

(A) to notify its customers and the commission of its public advisory process; and

(B) provide notification to known interested parties.

(4) The timing of meetings shall be determined by the utility:

(A) to be consistent with its internal IRP development schedule; and

(B) to provide an opportunity for public participation in a timely manner that may affect the outcome of the utility resource planning efforts.

(5) The utility or its designee shall:

(A) chair the participation process;

(B) schedule meetings; and

(C) develop and publish agendas and relevant material for those meetings at least 7 (seven) days prior to the meeting; and

(D) develop and publish meeting minutes within 15 (fifteen) days following each meeting;~~.~~

Participants are allowed to request that relevant items be placed on the agenda of the meetings if they provide adequate notice to the utility.

(6) Topics discussed in the public advisory process shall include, but are not limited to, the following:

(A)The utility's load forecast.

(B) Evaluation of existing resources.

(C) Evaluation of supply and demand side resource alternatives, including:

(i) associated costs; and
(ii) performance attributes.
(D) Modeling methods.
(E) Modeling inputs.
(F) Treatment of risk and uncertainty.
(G) Rationale for determining the preferred resource portfolio.
(Indiana Utility Regulatory Commission; 170 IAC 4-7-2.1)

SECTION 5. 170 IAC 4-7-2.2 IS ADDED TO READ AS FOLLOWS:

170 IAC 4-7-2.2 Contemporary issues technical conference
Authority: IC 8-1-1-3**; IC 8-1-8.5-3**
Affected: IC 8-1-8.5

Sec. 2.2 (a) The commission or its staff may host an annual technical conference to help identify contemporary issues and encourage the identification and adoption of best practices to manage such issues.
(b) The technical conference may also identify a standardized reporting format.
(c) The agenda of the technical conference shall be set by the commission staff that includes input from interested parties and utilities. Utilities and interested parties may petition or informally contact the commission staff to request the inclusion of specific contemporary issues.
(d) The director may provide guidance concerning specific contemporary issues for a utility to address in its next IRP filing. The director shall provide interested parties ~~utilities~~ with a written summary of the issues to be addressed. The utility shall, to the extent possible, provide to interested parties either a discussion of the impacts of such issues on its IRP or demonstrate how it has taken such issues into account.
(e) A utility need not address new issues raised in a ~~The~~ contemporary issues technical conference unless the contemporary issues technical conference occurred ~~shall take place~~ at least one (1) year prior to the filing date of a utility's IRP.
(Indiana Utility Regulatory Commission; 170 IAC 4-7-2.2)

SECTION 6. 170 IAC 4-7-3 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-3 Waiver or variance requests
Authority: IC 8-1-1-3**; IC 8-1-8.5-3**
Affected: IC 5-14-3; IC 8-1-2-29; IC 8-1-2.2; IC 8-1-8.5-7; IC 8-1.5

Sec. 3. (a) ~~To assist the commission in its administration of the Utility Powerplant Construction Law, IC 8-1-8.5, this rule applies to the following:~~
~~(1) A public, municipally owned, or cooperatively owned utility.~~
~~(2) A joint agency created under IC 8-1-2.2. An individual member of a joint agency is not required to submit to the commission a separate integrated resource plan.~~
~~(b) This rule does not apply to a person who is exempt pursuant to IC 8-1-8.5-7.~~
~~(c) A utility operating or owning, in part or whole, an electrical generating facility as of January 1, 1995, to provide electric service within the state of Indiana must submit to the~~

~~commission on a biennial basis, beginning on or before November 1, 1995, an integrated resource plan consistent with this rule. Upon request of a utility, the commission may grant an extension of any such submission dates, for good cause shown.~~

~~(d) A utility not subject to subsection (c) prior to constructing, purchasing, or leasing a generating facility to provide electric service within the state of Indiana must submit to the commission an integrated resource plan consistent with this rule. If the generating facility, after appropriate commission review, is constructed, purchased, or leased, the utility shall submit to the commission on a biennial basis, an integrated resource plan consistent with this rule.~~

~~(e) A utility subject to subsection (a) must submit to the commission, on or before the applicable date as specified in subsection (c) or (d), the following documents:~~

~~(1) The integrated resource plan.~~

~~(2) A technical appendix containing supporting documentation.~~

~~(f) If a utility considers information in the IRP or technical appendix to be proprietary or otherwise confidential, a utility must file concurrently a redacted version, a nonredacted version under seal which shall be treated as confidential pending completion of the proceeding described below, verified affidavits from appropriate representatives of the utility setting forth the reasons why the information is proprietary or otherwise confidential, and a petition requesting that the commission find that such information is confidential pursuant to IC 8-1-2-29 and IC 5-14-3. A customer or interested party seeking access to or desiring to contest a commission determination regarding information claimed by a utility to be proprietary and confidential may do so only through intervention and participation in the proceeding on the utility petition requesting a finding of confidentiality. If, after review, the commission determines the information is proprietary or confidential, the commission and its staff will treat the information as proprietary or confidential in accordance with IC 8-1-2-29 and IC 5-14-3.~~ **The utility may request a waiver or a variance from a provision of this rule for good cause shown in advance of a filing date.**

(1) The request shall include:

(A) A description of the situation which necessitates the waiver or variance.

(B) Identification of the provision(s) of this rule for which the waiver or variance is requested.

(C) Explanation of the difference between the expected effects of complying with this rule on the utility, its customers, and participants in the public advisory process if the waiver or variance is not granted and the expected effect on such parties if granted.

(D) Explanation of how the waiver or variance is expected to aid or, at the least, not undermine the procedures and requirements of this rule.

(2) ~~The~~ A request shall be submitted in sufficient time that the IRP submittal schedule shall not be adversely affected.

(b) The director shall respond in writing regarding acceptance or denial of a request under this section within fifteen (15) days. The request shall not be unreasonably denied, but any denials shall include the reason for the denial. If the director fails to respond within fifteen (15) days, the request shall be deemed accepted.

(c) The request by the utility and the director's acceptance or denial shall be posted on the commission's website.

(d) An appeal to the full commission of the director's acceptance or denial under this section must be filed with the commission within thirty (30) days of the posting of the director's written acceptance or denial of the request.
(Indiana Utility Regulatory Commission; 170 IAC 4-7-3; filed Aug 31, 1995, 9:00 a.m.: 19 IR 19; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)

SECTION 7. 170 IAC 4-7-4 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-4 Methodology and documentation requirements
Authority: IC 8-1-1-3; IC 8-1-8.5~~-~~**3**
Affected: IC 8-1; IC 8-1.5
Sec. 4. **(a) The utility shall provide an IRP summary document that communicates core IRP concepts and results to non-technical audiences.**

(1) The summary shall provide a brief description of the utility's existing resources, preferred resource portfolio, short term action plan, key factors influencing the preferred resource portfolio and short term action plan, and any additional details the commission staff may request as part of a contemporary issues meeting. The summary shall describe, in simple terms, the IRP public advisory process, if applicable, and core IRP concepts, including resource types and load characteristics.

(2) The utility shall utilize a simplified format that visually portrays the summary of the IRP in a manner that makes it understandable to a non-technical audience.

(3) The utility shall make this document readily accessible on its website.

(b) An IRP ~~covering at least a twenty (20) year future period prepared by a utility~~ must include **the following:**

(1) A discussion of the:

(A) inputs;

(B) methods ~~data, assumptions~~; and

(C) definitions;

used ~~in developing~~ **by the utility in** the IRP~~ and the goals and objectives of the plan. The following information must be included:~~.

~~(1)~~ **(2)** The data sets, including data sources, used to establish base and alternative forecasts. A third party data source may be ~~presented in the form of a reference~~ **referenced**. The reference must include the source title, author, publishing address, date, and page number of relevant data. The data sets must include an explanation for adjustments. The data must be provided on electronic media, and may be submitted as a file separate from the IRP~~-~~, or as specified by the commission.

~~(2)~~**(3)** A description of the utility's effort to develop and maintain **a data-base of electricity consumption patterns**, by customer class, rate class, ~~SIC~~ **NAICS** code, and end-use~~, a data base of electricity consumption patterns~~. The data-base may be developed using, but not limited to, the following methods:

(A) Load research developed by the individual utility.

(B) Load research developed in conjunction with another utility.

(C) Load research developed by another utility and modified to meet the characteristics of that utility.

(D) Engineering estimates.

(E) Load data developed by a non-utility source.

~~(3)~~**(4)** A proposed schedule for industrial, commercial, and residential customer surveys to obtain data on end-use appliance penetration, end-use saturation rates, and end-use electricity consumption patterns.

~~(4)~~**(5)** A discussion of ~~customer self-generation~~ **distributed generation** within the service territory and the potential effects on generation, transmission, and distribution planning and load forecasting.

(6) A description of model structures, (e.g. optimization and dispatch models).

~~(5) A description of model structure and an evaluation of model performance.~~

(6) A complete discussion of the alternative forecast scenarios developed and analyzed, including a justification of the assumptions and modeling variables used in each scenario.

(7) A ~~description~~ **discussion** of **how** the **utility's** fuel inventory and procurement planning practices, ~~including the rationale, used in the development of the utility's integrated resource plan~~**have been taken into account and influenced the IRP development**.

(8) A ~~description~~ **discussion** of **how** the ~~SO2~~ **utility's** emission allowance inventory and procurement ~~planning~~ practices **for any air emission ~~regulated through an emission allowance system~~ have been taken into account and influenced the IRP development** ~~including the rationale, used in the development of the utility's integrated resource plan~~.

(9) A description of the generation expansion planning criteria ~~used in developing the IRP~~. The description must fully explain the basis for the criteria selected~~, including an analysis and rationale for the level of system-wide generation reliability assumed in the IRP~~.

(10) A discussion of how compliance costs for future or existing air, land, or water environmental regulations impacting generation assets have been taken into account and influenced the IRP development.

(11) A discussion of how the utilities' resource planning objectives, such as cost effectiveness, rate impacts, risks and uncertainty, were balanced in selecting its resource plan.

(12~~0~~) ~~A regional, or at a minimum, Indiana specific power flow study prepared by a regional or subregional organization. This requirement may be met by submitting Federal Energy Regulatory Commission (FERC) Form 715, as adopted in Docket No. RM93-10-00, in effect October 30, 1993. The power flow study shall include the following:~~

~~(A) Solved real flows.~~

~~(B) Solved reactive flows.~~

~~(C) Voltages.~~

~~(D) Detailed assumptions.~~

~~(E) Brief description of the model(s).~~

~~(F) Glossary of terms with cross-references to the names of buses and line terminals.~~

~~(G) Sensitivity analysis, including, but not limited to, the forecast of the following:~~

~~(i) Summer and winter peak conditions.~~

~~(ii) Light load as well as heavy transfer conditions for one (1), two (2), five (5), and ten (10) years out.~~

~~(iii) Branch circuit ratings, including, but not limited to, normal, long term, short term, and emergency.~~

~~(11) Any recent dynamic stability study prepared for the utility or by the utility. This requirement may be met by submitting FERC Form 715, as adopted in Docket No. RM93-10-00, in effect October 30, 1993~~ **A brief description and discussion within the body of the IRP focusing on the utility's Indiana jurisdictional facilities with regard to the following components of FERC Form 715:**

(A) Most current power flow data models, studies, and sensitivity analysis.

(B) Dynamic simulation on its transmission system, including interconnections, focused on the determination of the performance and stability of its transmission system on various fault conditions. The simulation must include the capability of meeting the standards of the North American Electric Reliability Corporation (NERC).

(C) Reliability criteria for transmission planning as well as the assessment practice used. The information and discussion must include the limits set of its transmission use, its assessment practices developed through experience and study, and certain operating restrictions and limitations particular to it.

(D) Various aspects of any joint transmission system, ownership, and operations and maintenance responsibilities as prescribed in the terms of the ownership, operation, maintenance, and license agreement.

~~(12) Applicable transmission maps,. This requirement may be met by submitting FERC Form 715, as adopted in Docket No. RM93-10-00, in effect October 30, 1993.~~

(13)~~**(11)** A description of reliability criteria for transmission planning as well as the assessment practice used. This requirement may be met by submitting FERC Form 715, as adopted in Docket No. RM93-10-00, in effect October 30, 1993.~~**An explanation of the contemporary methods utilized by the utility in developing the IRP, including ~~a~~ descriptions of the following:**

(A) Model structure and reasoning for use of particular model or models in the utility's IRP.

(B) The utility's effort to develop and improve the methodology and inputs ~~for~~ including its:

(i) load forecast;

(ii) cost estimates; and

(iii) treatment of risk and uncertainty; and

(iv) evaluation of a resource (supply-side or demand-side) alternative's contribution to system wide reliability. The measure of system wide reliability must cover the reliability of the entire system, including:

(AA) transmission; and

(BB) generation.

~~(14) An evaluation of the reliability criteria in relation to present performance and the expected performance of the utility's transmission system. This requirement may be met by submitting FERC Form 715, as adopted in Docket No. RM93-10-00, in effect October 30, 1993.~~

Comment [A10]: This section is important and should not deleted.

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~~(15) A description of the utility's effort to develop and improve the methodology and the data for evaluating a resource (supplyside or demand-side) option's contribution to system-wide reliability. The measure of system-wide reliability must cover the reliability of the entire system, including transmission, distribution, and generation.~~

~~(16)~~**(142)** An explanation, with supporting documentation, of the avoided cost calculation. An avoided cost must be calculated for each year in the forecast period. The avoided cost calculation must reflect timing factors specific to the resource under consideration such as project life and seasonal operation. Avoided cost shall include, but is not limited to, the following:

(A) The avoided generating capacity cost adjusted for transmission and distribution losses and the reserve margin requirement.

(B) The avoided transmission capacity cost.

(C) The avoided distribution capacity cost.

(D) The avoided operating cost, including fuel, plant operation and maintenance, spinning reserve, emission allowances, and transmission and distribution operation and maintenance.

~~(17)~~**(153)** The ~~hourly system lambda and the~~ actual demand for all hours of the most recent historical year available**, which shall be submitted electronically and may be a separate file from the IRP**. For purposes of comparison, a utility must maintain three (3) years of hourly data~~ and the corresponding dispatch logs~~.

~~(18)~~**(164)** ~~A description~~ **Publicly owned utilities shall provide a summary** of the utility's:

(A) most recent public ~~participation procedure if the utility conducts a procedure prior to the submission of an IRP to the commission~~ **advisory process;**

(B) key issues discussed; and

(C) how they were addressed by the utility.

(17) An explanation of the assessment of demand side and supply side resources considered to meet future customer electricity service needs.

(Indiana Utility Regulatory Commission; 170 IAC 4-7-4; filed Aug 31, 1995, 9:00 a.m.: 19 IR 20; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)

SECTION 8. 170 IAC 4-7-5 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-5 Energy and demand forecasts

Authority: IC 8-1-1-3**; IC 8-1-8.5-3**

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 5. (a) An electric utility subject to this rule shall prepare an analysis of historical and forecasted levels of peak demand and energy usage which includes the following:

(1) ~~An~~ Historical ~~and projected analysis of a variety of~~ load shapes, including, but not limited to, the following:

(A) Annual load shapes.

(B) Seasonal load shapes.

(C) Monthly load shapes.

(D) Selected weekly and daily load shapes. Daily load shapes shall include, at a minimum, summer and winter peak days and a typical weekday and weekend day.

(2) Historical and projected load shapes shall be disaggregated, to the extent possible, by customer class, interruptible load, and end-use and demand-side management program.

(3) Disaggregation of historical data and forecasts by customer class, interruptible load, and end-use where information permits.

(4) ~~The use and reporting of~~ Actual and weather normalized energy and demand levels.

(5) A discussion of all methods and processes used to normalize for weather.

(6) A **minimum** twenty (20) year period for energy and demand forecasts.

(7) An evaluation of the performance of energy and demand forecasts for the previous ten (10) years, including, but not limited to, the following:

(A) Total system.

(B) Customer classes ~~or~~ **,** rate classes, or both.

(C) Firm wholesale power sales.

(8) ~~If an end-use methodology has not been used in forecasting, an explanation as to why this methodology has not been used.~~ **Justification for the selected forecasting methodology.**

(9) For purposes of ~~section 5(a)(1) and 5(a)(2) *[subdivisions (1) and (2)]*~~**subdivisions (1) and (2)**, a utility may use utility specific data or more generic data, such as, but not limited to, the types of data described in section ~~4(2)~~ **4(b)(2)** of this rule.

(b) A utility shall provide at least three (3) alternative forecasts of peak demand and energy usage. At a minimum, the utility shall include high, low, and most probable energy and peak demand forecasts based on ~~combinations of~~ alternative assumptions such as:

(1) Rate of change in population.

(2) Economic activity.

(3) Fuel prices.

(4) Changes in technology.

(5) Behavioral factors affecting customer consumption.

(6) State and federal energy policies.

(7) State and federal environmental policies.

(Indiana Utility Regulatory Commission; 170 IAC 4-7-5; filed Aug 31, 1995, 9:00 a.m.: 19 IR 21; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)

Comment [A11]: Three is an unreasonable small universe of options given an increasingly complex energy and economics. At least five forecasts—a mid-high and a mid-low-- is more reasonable without adding greatly to the burden.

SECTION 9. 170 IAC 4-7-6 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-6 Resource assessment

Authority: IC 8-1-1-3**; IC 8-1-8.5-3**

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 6. (a) ~~For each year of the planning period, excluding subsection 6(a)(6) *[subdivision (6)]*, recognizing the potential effects of self-generation, an electric~~ **The utility shall consider continued use of an existing resource as a resource alternative in meeting future electric service requirements.** **The** utility shall provide a description of **its** ~~the utility's~~ **existing** electric power resources that must include, at a minimum, the following information:

(1) The net dependable generating capacity of the system and each generating unit.

(2) The expected changes to existing generating capacity, including, but not limited to, the following:

(A) Retirements.

(B) Deratings.

(C) Plant life extensions.

(D) Repowering.

(E) Refurbishment.

(3) A fuel price forecast by generating unit.

(4) The significant environmental effects, including:

(A) air emissions;

(B) solid waste disposal;

(C) hazardous waste; and

(D) subsequent disposal; **and**

(E) water consumption and discharge;

at each existing fossil fueled generating unit.

(5) ~~The scheduled power import and export transactions, both firm and nonfirm, as well as cogeneration and non-utility production expected to be available for purchase by the utility.~~

~~(6)~~ An analysis of the existing utility transmission system that includes the following:

(A) An evaluation of the adequacy to support load growth and ~~long term power purchases and sales~~ **expected power transfers**.

(B) An evaluation of the supply-side resource potential of actions to reduce transmission losses**, congestion, and energy costs**.

(C) An evaluation of the potential impact of demand-side resources on the transmission network.

(D) An assessment of the transmission component of avoided cost.

~~(7)~~**(6)** A discussion of demand-side programs, including existing company-sponsored and government-sponsored or mandated energy ~~conservation~~ **efficiency** or load management programs available in the utility's service area and the estimated impact of those programs on the utility's historical and forecasted peak demand and energy.

The information listed above in subdivision (a)(1) through subdivision (a)(4) and in subdivision (a)(6) shall also be provided for each year of the planning period.

(b) An electric utility shall consider alternative methods of meeting future demand for electric service. A utility must consider a demand-side resource, including innovative rate design, as a source of new supply in meeting future electric service requirements. The utility shall consider a comprehensive array of demand-side measures that provide an opportunity for all ratepayers to participate in DSM, including low-income residential ratepayers. For a utility-sponsored program identified as a potential demand-side resource, the utility's ~~plan~~ **IRP** shall, at a minimum, include the following:

(1) A description of the demand-side program considered.

(2) ~~A detailed account of utility strategies designed to capture lost opportunities.~~

~~(3) The avoided cost projection on an annual basis for the forecast period that accounts for avoided generation, transmission, and distribution system costs. The avoided cost calculation must reflect timing factors specific to resources under consideration such as project life and seasonal operation.~~The projected value of the utility system benefits resulting from the implementation of the program.

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~~(4)~~**(3)** The customer class or end-use, or both, affected by the program.

~~(5)~~**(4)** A participant bill ~~reduction~~ **impact** projection and participation incentive to be provided in the program.

~~(6)~~**(5)** A projection of the program cost**s** to be borne by the participant.

~~(7)~~**(6)** Estimated annual and lifetime energy (kWh) and demand (kW) savings per participant for each program.

~~(8)~~**(7)** The estimated program penetration rate and the basis of the estimate.

~~(9)~~**(8)** The estimated impact of a **DSM** program on the utility's load, generating capacity, and transmission and distribution requirements.

(c) A utility shall consider **a range of** supply-side resources **including cogeneration and non-utility generation** as ~~an~~ alternative**s** in meeting future electric service requirements. **This range shall include commercially available resources or resources the director may request as part of a contemporary issues technical conference.** The utility's ~~plan~~ **IRP** shall include, at a minimum, the following:

(1) Identify and describe the resource considered, including the following:

(A) Size (MW).

(B) Utilized technology and fuel type.

(C) Additional transmission facilities necessitated by the resource.

(2) ~~Significant environmental effects, including the following:~~

~~(A) Air emissions.~~

~~(B) Solid waste disposal.~~

~~(C) Hazardous waste and subsequent disposal.~~

~~(3) An analysis of how a proposed generation facility conforms with the utility-wide plan to comply with the Clean Air Act Amendments of 1990.~~

~~(4)~~ A discussion of the utility's effort to coordinate planning, construction, and operation of the supply-side resource with other utilities to reduce cost.

(d) A utility shall ~~identify~~ **consider new or upgraded** transmission ~~and distribution~~ facilities ~~required to meet, in an economical and reliable manner, future electric service requirements~~ **as a resource in meeting future electric service requirements, including new projects, efficiency improvements, and smart grid resources.** The ~~plan~~ **IRP** shall, at a minimum, include the following:

(1) ~~An analysis of transmission network capability to reliably support the loads and resources placed upon the network.~~

~~(2) A list of the principal criteria upon which the design of the transmission network is based. Include an explanation of the principal criteria and their significance in identifying the need for and selecting transmission facilities.~~

~~(3)~~ A description of the timing and types of expansion and alternative options considered.

~~(4)~~ **(2)** The approximate cost of expected expansion and alteration of the transmission network.

(3) A description of how the IRP accounts for the value of new or upgraded transmission facilities for the purposes of increasing needed power transfer capability and increasing the utilization of cost effective resources that are geographically constrained.

(4) A description of how:

(A) IRP data and information are used in the planning and implementation processes of the RTO of which the utility is a member; and

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Comment [A12]: IRPs should account for the company's current TDSIC plan and demonstrate how the plan does or does not create synergies between the two. If planned effectively, the IRP and TDSIC should create economies and efficiencies.

(B) RTO planning and implementation processes are used in and affect the IRP.

(Indiana Utility Regulatory Commission; 170 IAC 4-7-6; filed Aug 31, 1995, 9:00 a.m.: 19 IR 22; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)

SECTION 10. 170 IAC 4-7-7 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-7 Selection of future resources

Authority: IC 8-1-1-3
Affected: IC 8-1-8.5; IC 8-1.5

Sec. 7. (a) In order to eliminate nonviable alternatives, a utility shall perform an initial screening of all future resource alternatives listed in sections 6(b) through **6**(c) of this rule. The utility's screening process and the decision to reject or accept a resource alternative for further analysis must be fully explained and supported **in, but not limited to, a resource summary table. The following information must be provided for a resource selected for further analysis:**

(1) Significant environmental effects, including the following:

(A) Air emissions.

(B) Solid waste disposal.

(C) Hazardous waste and subsequent disposal.

(D) Water consumption and discharge.

(2) An analysis of how existing and proposed generation facilities conform to the utility-wide plan to comply with existing and reasonably expected future state and federal environmental regulations, including facility-specific and aggregate compliance options and associated performance and cost impacts.

(b) Integrated resource planning may include~~s~~ one (1) or more tests used to evaluate the cost-effectiveness of a demand-side resource option. A cost-benefit analysis must be performed using the following tests except as provided under subsection (e):

(1) Participant cost **test (PCT)**.

~~(2) Ratepayer impact measure (RIM).~~

(3) Utility cost test (UCT).

(4) Total resource cost test (TRC).

(5) Other reasonable tests accepted by the commission.

(c) A utility is not required to express a test result in a specific format. However, a utility must, in all cases, calculate the net present value of the program impact over the life cycle of the impact. A utility shall also explain the rationale for choosing the discount rate used in the test.

(d) A utility is required to:

(1) specify the components of the benefit and the cost for each of the major tests; and

(2) identify the equation used to ~~express~~ **calculate** the result.

(e) If a reasonable cost-effectiveness analysis for a demand-side management program cannot be performed using the tests in subsection (b), where it is difficult to establish an estimate of load impact, such as a generalized information program, the cost-effectiveness tests are not required.

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Comment [A13]: A RIM test is not relevant in the context of resource planning and should not be considered.

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Comment [A14]: This section needs to be clarified and more proscriptive in terms of which DSM programs will be selected by the IRP process. SEA 412 requires utilities to implement all cost effective energy efficiency but doesn't say which test to consider.

~~(f) To determine cost-effectiveness, the RIM test must be applied to a load building program. A load building program shall not be considered as an alternative to other resource options.~~

(Indiana Utility Regulatory Commission; 170 IAC 4-7-7; filed Aug 31,1995, 9:00 a.m.: 19 IR 23; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)

SECTION 11. 170 IAC 4-7-8 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-8 Resource integration

Authority: IC 8-1-1-3**; IC 8-1-8.5-3**
Affected: IC 8-1-8.5; IC 8-1.5

Sec. 8. **(a) The utility shall develop candidate resource portfolios from the selection of future resources in section 7 and provide a description of its process for developing its candidate resource portfolios.**

(b) ~~A~~ **From its candidate resource portfolios, a** utility shall select a ~~mix of resources consistent with the objectives of the integrated resource plan. The utility must~~ **preferred resource portfolio and** provide ~~the commission~~, at a minimum, the following information:

(1) Describe the utility's ~~resource plan~~ **preferred resource portfolio**.

(2) Identify the variables, standards of reliability, and other assumptions expected to have the greatest effect on the ~~least-cost mix of resources~~ **preferred resource portfolio**.

(3) ~~Determine the present value revenue requirement of the utility's resource plan, stated in total dollars and in dollars per kilowatt-hour delivered, with the discount rate specified.~~ **Demonstrate that supply-side and demand-side resource alternatives have been evaluated on a consistent and comparable basis~~, including consideration of safety, reliability, reisk and uncertainty, cost effectiveness, and customer rate impacts.~~.**

(4) Demonstrate that the ~~utility's resource plan~~ **preferred resource portfolio** utilizes, to the extent practical, all economical load management, ~~conservation~~ **demand side management**, ~~nonconventional~~ technology relying on renewable resources, cogeneration, **distributed generation, energy storage, transmission,** and energy efficiency improvements as sources of new supply.

(5) ~~Discuss how the utility's resource plan takes into account the utility's judgment of risks and uncertainties associated with potential environmental and other regulations.~~

~~(6) Demonstrate that the most economical source of supply-side resources has been included in the integrated resource plan.~~

~~(7)~~ Discuss the utility's evaluation of ~~dispersed generation and~~ targeted DSM programs including ~~their~~ potential impacts, ~~if any,~~ on the utility's transmission and distribution system for the first ten (10) years of the planning period.

~~(8)~~ **(6)** Discuss the financial impact on the utility of acquiring future resources identified in the utility's ~~resource plan~~ **preferred resource portfolio.** The discussion **of the preferred resource portfolio** shall include, where appropriate, the following:

(A) ~~The~~ Operating and capital costs~~of the integrated resource plan~~.

(B) The average ~~price~~**cost** per kilowatt-hour ~~as calculated in the resource plan. The price~~**, which** must be consistent with the electricity price assumption used to forecast the utility's expected load by customer class in section 5 of this rule.

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Comment [A15]: Unsure of why this is necessary. Is the IURC asking the utilities to quantify supply and demand side resources on the basis of safety? Also, isn't cost effectiveness and customer rate impacts the basis for completing an IRP? To me, this reads as a way to disadvantage demand side resources. No one ever talks about supply side resource cost effectiveness or customer rate impacts. I think this addition is unnecessary and should be removed.

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(C) An estimate of the utility's avoided cost for each year of the ~~plan~~ **preferred resource portfolio**.

(D) ~~The impact of a planned addition to supply-side or demand-side resources on the utility's rate.~~

~~(E)~~ The utility's ability to finance the ~~acquisition of a required new resource~~**preferred resource portfolio**.

~~(9) Identify and explain assumptions concerning existing and proposed regulations, laws, practices, and policies made concerning decisions used in formulating the IRP.~~

(7) ~~Demonstrate~~ how the preferred resource portfolio balances ~~cost minimization with cost-effective risk~~ and uncertainty ~~reduction~~, including the following.

(A) Identification and explanation of assumptions.

(B) Quantification, where possible, of assumed risks and uncertainties, which shall include compliance with existing and pending regulations.

(C) Quantification, where possible, of assumed risks and uncertainties, which may include, but are not limited to:

(i) environmental and other regulatory compliance;

(ii) public policy;

(iii) fuel prices;

(iv) construction costs;

(v) resource performance;

(vi) load requirements;

(vii) wholesale electricity and transmission prices;

(viii) RTO requirements; and

(ix) technological progress.

(D~~C~~) An analysis of how candidate resource portfolios performed across a wide range of potential futures.

(E~~D~~) The results of testing and rank ordering the candidate resource portfolios by ~~the present value of revenue requirement~~ key resource planning objectives, including cost effectiveness and risk metric(s). The present value of revenue requirement shall be stated in total dollars and in dollars per kilowatt-hour delivered, with the discount rate specified.

(F~~E~~) An assessment of how robustness factored into the selection of the preferred resource portfolio.

~~(10)~~ **(8)** Demonstrate, to the extent practicable and reasonable, that the ~~utility's resource plan~~ **preferred resource portfolio** incorporates a workable strategy for reacting to unexpected changes. A workable strategy is one that allows the utility to adapt to unexpected circumstances **quickly and appropriately** ~~and preserves the plan's ability to achieve its intended purpose~~. Unexpected changes include, but are not limited to, the following:

(A) The demand for electric service.

(B) The cost of a new supply-side or demand-side technology.

(C) **Regulatory compliance requirements and costs.**

(D) Other factors which would cause the forecasted relationship between supply and demand for electric service to be in error.

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Comment [A16]: This change should be rejected. The NPVRR is a commonly used and well understood method of comparing potential resource portfolios. The language provided here is vague and could be interpreted in many ways. The IRP should definitely consider all resource planning objectives, but the resource portfolios should be presented and ranked by NPVRR.

(Indiana Utility Regulatory Commission; 170 IAC 4-7-8; filed Aug 31, 1995, 9:00 a.m.: 19 IR 23; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)

SECTION 12. 170 IAC 4-7-9 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-9 Short term action plan

Authority: IC 8-1-1-3**; IC 8-1-8.5-3**
Affected: IC 8-1-8.5; IC 8-1.5

Sec. 9. A short term action plan shall be prepared as part of the utility's IRP ~~filing or separately~~, and shall cover each of the ~~two (2)~~ **three (3)** years beginning with the IRP submitted pursuant to this rule. The short term action plan is a summary of the ~~resource options or programs contained in the utility's current integrated resource plan~~ **preferred resource portfolio and its workable strategy, as described in 170 IAC 4-7-8(b)(8),** where the utility must take action or incur expenses during the ~~two (2)~~ **three (3)** year period. The short term action plan must include, but is not limited to, the following:

(1) A description of each resource ~~option or program~~ **in the preferred resource portfolio** included in the short term action plan. **The description may include references to other sections of the IRP to avoid duplicate descriptions.** The description must include, but is not limited to, the following:

(A) The objective of the ~~resource option or program~~ **preferred resource portfolio**.

(B) The criteria for measuring progress toward the objective.

~~(C) The actual progress toward the objective to date.~~

(2) ~~The participation of small business in the implementation of a DSM resource option or program.~~

~~(3)~~ **Energy ~~efficiency~~savings ~~goals~~ for implementation of energy efficiency that can be produced by reasonably achievable, cost effective plans developed in accordance with 170 IAC 4-8-1 *et. seq*. and consistent with the ~~utilities'~~ ~~longer resource planning objectives~~integrated resource planning processes outlined above.**

(3) The implementation schedule for the ~~resource option or program~~ **preferred resource portfolio**.

~~(4) The timetable for implementation and resource acquisition.~~

~~(5)~~ **(4~~3~~)** A ~~detailed~~ budget **with an estimated range** for the cost to be incurred for each resource or program **and expected system impacts**.

(4~~5~~) A description and explanation of differences between what was stated in the utility's last filed short term action plan and what actually transpired.

(Indiana Utility Regulatory Commission; 170 IAC 4-7-9; filed Aug 31, 1995, 9:00 a.m.: 19 IR 24; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)

SECTION 13. 170 IAC 4-7-10 IS ADDED TO READ AS FOLLOWS:

170 IAC 4-7-10 Updates

Authority: IC 8-1-1-3**; IC 8-1-8.5-3**

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Affected: IC 8-1-8.5; IC 8-1.5

Sec. 10. (a) The utility may provide an update regarding substantial unexpected changes that occur between IRP filings.

(b) Upon the request of the commission or its staff, the utility shall provide the requested updated IRP information.

(Indiana Utility Regulatory Commission; 170 IAC 4-7-10)

SECTION 1. 170 IAC 4-8-1 IS AMENDED TO READ AS FOLLOWS:

ARTICLE 4. ELECTRIC UTILITIES
Rule 8. Guidelines for Demand-Side Cost Recovery by Electric Utilities

170 IAC 4-8-1 Definitions

Authority: IC 8-1-1-3**; IC 8-1-8.5-10**
Affected: ~~IC 8-1-2.2~~; IC 8-1-8.5; ~~IC 8-1.5~~

Sec. 1. (a) **The definitions in this section apply throughout this rule.**

(b) , "~~a~~**A**llowance for funds used during construction" or "AFUDC" means the cost of borrowed funds used for capital expenditures associated with a utility-sponsored DSM program, and a reasonable rate on other funds when so used. AFUDC for capital expenditures shall be recorded in separate subaccounts or their subdivisions in accordance with the FERC or NARUC uniform system of accounts.

(~~b~~) "Avoided cost" means the amount of fuel, operation, maintenance, purchased power, labor, capital, taxes, and other **short and long term** costs not incurred by a utility if an alternative supply or demand-side resource is included in the utility's integrated resource plan.~~As used in this rule, "avoided cost" means the amount of fuel, operation, maintenance, purchased power, labor, capital, taxes, and other cost not incurred by a utility if an alternative supply or demand-side resource is included in the utility's integrated resource plan.~~

(c) ~~As used in this rule,~~ "~~c~~**C**ommission" means the Indiana utility regulatory commission.

(~~d~~) ~~As used in this rule, "conservation" means reducing the amount of energy consumed by a customer for a specific end-use. Conservation includes behavior changes such as thermostat setback. Conservation does not include changing the timing of energy use, switching to another fossil fuel source, or increasing off-peak usage.~~

(d) "Commission analysis" means the required state energy analysis developed by the commission under Ind. Code § 8-1-8.5-3.

(e) ~~As used in this rule,~~ "~~d~~**D**emand-side management" or "DSM" means the planning, implementation, and monitoring of a utility activity designed to ~~influence~~ **achieve energy efficiency or demand response**~~customer use of electricity that produces a desired change in a utility's load shape, for example, a change in the time pattern and magnitude of a utility's load~~. DSM includes only an activity that involves deliberate intervention by a utility to alter load shape.

(f) ~~As used in this rule,~~ "**D**~~d~~emand-side measure" means a particular end-use device, technology, service, or rate design at a targeted customer's premises or a utility's energy delivery system for a specific DSM program.

(g) ~~As used in this rule,~~ "**D**~~d~~emand-side program" means a utility program designed to implement a demand-side measure.

(h) ~~As used in this rule,~~ "~~d~~**D**emand-side resource" means a resource that reduces the demand for electrical power or energy by applying a demand-side program to implement one (1) or more demand-side measures.

(i) "DSM program costs" are the direct and indirect costs of DSM programs and~~,~~ costs associated with the EM&V. DSM program costs does not include lost revenue and performance incentives.

(j) "Demand response" means a reduction in demand for limited intervals of time, such as during peak electricity usage or emergency conditions.

Comment [A17]: Avoided cost should also be defined in this section, to match the definition in IRP

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(k~~i~~) ~~As used in this rule,~~ "e**E**nd-use" means the light, heat, cooling, refrigeration, motor drive, microwave energy, video or audio signal, computer processing, electrolytic process, or other useful work produced by equipment using electricity.

(l~~j~~) ~~As used in this rule,~~ "Energy efficiency" means **reducing** energy use for the same or improved level of energy service.~~"Energy efficiency" means reduced energy use for a comparable level of energy service.~~

(m~~k~~) ~~As used in this rule,~~ "e**E**nergy service" means the light, heat, motor drive, and other service for which a customer purchases electricity from the utility.

(n~~l~~) ~~As used in this rule,~~ "e**E**ngineering estimate" means an estimate of energy (kWh) and demand (kW) impact resulting from a ~~demand-side~~**DSM** measure based on an engineering calculation procedure. An engineering estimate addresses change in energy use of a building or system resulting from installation of a DSM measure. ~~If multiple DSM measures are installed, a~~**A**n engineering estimate accounts for the interactive effect between ~~the~~ DSM measures **and existing equipment as well as the interactive effect between multiple DSM measures, if applicable.**~~.~~

~~(m) As used in this rule, the "FERC Uniform System of Accounts" means the rules and regulations governing the classification of accounts for Class A-B private electric utilities, as approved, prescribed, and promulgated by the Federal Energy Regulatory Commission in 18 CFR 41 and 18 CFR 101 and adopted by the commission for Indiana electric utilities at 170 IAC 4-2-1.1.~~

(o~~n~~) ~~As used in this rule,~~ "~~f~~**F**ree-rider" means a customer who would have installed a demand-side measure without participating in a utility-sponsored DSM program, yet participates in the DSM program and receives an incentive or bonus for participation.

(p) "Gross energy" means the change in energy usage that is directly attributable to an energy efficiency program. Gross energy includes changes in energy usage from free riders~~consumption that results directly from energy efficiency program promoted actions taken by energy efficiency program participants regardless of the extent or nature of program influences on their actions.~~

(q) "Gross demand" means the change in demand that is directly attributable to an energy efficiency program. Gross demand includes changes in energy demand from free riders~~that results directly from DSM program promoted actions taken by DSM program participants regardless of the extent or nature of program influences on their actions.~~

(r) "EM&V" means the independent evaluation, measurement and verification of DSM programs.

(s~~o~~) ~~As used in this rule,~~ "~~i~~**I**ncome effect" means the change in a customer's energy use that is induced by a change in the amount of disposable income available to the customer.

(t~~p~~) ~~As used in this rule,~~ "~~i~~**I**ntegrated resource plan~~ning~~", or ~~"plan" or~~ "IRP" means a utility's **document submitted to the commission in order to meet the requirement of 170 IAC 4-7.** ~~assessment of a variety of demand-side and supply-side resources to cost-effectively meet customer electricity service needs. The IRP may also include, but is not limited to, the following:~~

~~(1) A public participation procedure.~~

~~(2) An analysis of the uncertainty and risk posed by different resources and external factors.~~

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Comment [A18]: This definition limits what could be considered to count towards gross energy savings targets. Notably, this definition would exclude some programs such as conservation voltage reduction from being included.

Comment [A19]: Same as previous definition.

(**uq**) ~~As used in this rule,~~ "~~l~~**L**oad building" means a program intended to increase electricity consumption without regard to the timing of the increased usage.

~~(r) As used in this rule, "load research" means the collection of electricity usage data through a metering device associated with an end-use, a circuit, or a building. The metered data is used to better understand the characteristics of electric loads, the timing of their use, and the amount of electricity consumed by users. The data may be collected over a variety of time intervals, usually sixty (60) minutes or less.~~

(**vs**) ~~As used in this rule,~~ "~~l~~**L**oad retention" means a program intended to induce customers, that have a bona fide option of switching to alternative sources of energy services or self-generation, to remain as customers.

(**wt**) ~~As used in this rule,~~ "~~l~~**L**oad shape" means the time pattern of customer electricity use and the relationship of the level of energy use to a specific time during the day, month, and year.

(**xu**) ~~As used in this rule,~~ "~~l~~**L**ost revenue" means the revenue lost**, if any,** less the variable operating and maintenance costs (including fuel), taxes and return saved as a result of ~~not generating electricity because of a utility-sponsored~~ **a** DSM program.

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(y) "market effects" means the indirect influence of DSM programs that result in energy and demand savings from program operations that have not been captured during a DSM program's EM&V activities.

(**zv**) ~~As used in this rule,~~ "NARUC Uniform System of Accounts" means the rules and regulations governing the classification of accounts for Class C-D private electric utilities and Class A-B-C-D municipal electric utilities, as developed by the National Association of Regulatory Utility Commissioners and adopted by the commission for Indiana electric utilities under 170 IAC 4-2-2.

(aa) "Net energy" means the portion of gross energy that is attributable to the energy efficiency program, including free ridership and spillover.

(bb) "Net demand" means the portion of gross demand that is attributable to the DSM program, including free ridership and spillover.

(**ccw**) ~~As used in this rule,~~ "~~p~~**P**articipant" means a utility customer participating in a utility-sponsored DSM program.

(**ddx**) ~~As used in this rule,~~ "~~p~~**P**articipation level" means the actual number of customers participating in a specific demand-side program relative to the eligible number of customers available to participate in the demand-side program expressed as a percentage or a fraction.

(**eey**) ~~As used in this rule,~~ "~~p~~**P**enetration" means the ratio of the number of a specific type of new units installed to the total number of new units installed during a given time.

(**ffz**) ~~As used in this rule,~~ "~~p~~**P**ersistence" means the DSM measure's effectiveness over time. The effectiveness of a DSM measure is represented as the percentage of energy-saving effectiveness remaining in a particular year compared to the initial year of the measure's installation or implementation. The measure of effectiveness is a function of the following two (2) factors:

(1) Equipment degradation.

(2) Consumer behavior.

~~(aa) As used in this rule, "program cost" means all expenses incurred by a utility in a given year for operation of a DSM program whether the cost is capitalized or expensed. An expense includes, but is not limited to, the following:~~

~~(1) Administration.~~

~~(2) Equipment.~~
~~(3) Incentives paid to program participants.~~
~~(4) Marketing and advertising.~~
~~(5) Monitoring and evaluation.~~

~~(bb) As used in this rule, "public participation" means a procedure where a customer or interested party is provided the opportunity to comment on a utility's integrated resource plan prior to the submission of the IRP to the commission.~~

(**gg**~~cc~~) ~~As used in this rule, "r~~**R**ebound effect" means a specific effect where a customer responds to a lower relative cost of electric service by purchasing more electricity in the same end-use where the demand-side program is concentrated.

(**hh**~~dd~~) ~~As used in this rule, "r~~**R**esource" means a facility, project, contract, or other mechanism used by a utility to provide electric energy service to the customer. Resource in this context refers to both supply and demand side resources.

(**ii**~~ee~~) ~~As used in this rule, "s~~**S**elf-generation" means an electric generation facility primarily for the customer's own use and not for the primary purpose of producing electricity, heat, or steam for sale to or for the public for compensation.

(jj) "spillover" means additional reductions in energy consumption or demand by program participants, due to program influences beyond those directly associated with DSM program participation.

(**kk**~~ff~~) ~~As used in this rule, "s~~**S**upply-side resource" means a resource that provides a supply of electrical energy or capacity, or both, to a utility. A supply-side resource includes the following:

(1) A utility-owned generation capacity addition.
(2) A wholesale power purchase from another utility or non-utility generator.
(3) A refurbishment or upgrading of an existing utility-owned generating facility.
(4) A cogeneration facility.
(5) A renewable resource technology.

(**ll**~~gg~~) ~~As used in this rule, "u~~**U**seful life" means the period of time the investment in a measure remains ~~cost-effectively~~ serviceable.

(**mm**~~hh~~) ~~As used in this rule, "u~~**U**tility" means~~:~~ **a public utility as defined in IC 8-1-2-1 that furnishes retail electric service to customers in Indiana.**

~~(1) a public, municipally owned, or cooperatively owned utility; or~~
~~(2) a joint agency created under IC 8-1-2.2.~~

(Indiana Utility Regulatory Commission; 170 IAC 4-8-1; filed Aug 31, 1995, 10:00 a.m.: 19 IR 24; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA)

SECTION 2. 170 IAC 4-8-2 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-8-2 Applicability

Authority: IC 8-1-1-3**; IC 8-1-8.5-10**
Affected: ~~IC 8-1-2.2;~~ **IC 8-1-2-1;** IC 8-1-8.5; ~~IC 8-1.5~~**; IC 8-1-13; IC 23-17**

Sec. 2. (a) ~~To assist the commission in its administration of the Utility Powerplant Construction Law (IC 8-1-8.5), t~~**T**his rule applies to **a utility (as defined in 170 IAC 4-8-1(mm)). This rule does not apply to** the following:

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(1) A ~~public,~~ municipally owned~~, or cooperatively owned~~ utility **as defined in IC 8-1-2-1(h)**.

(2) **A corporation organized under IC 8-1-13**

(3) A corporation organized under IC 23-17 that is an electric cooperative and that has at least one (1) member that is a corporation organized under IC 8-1-13.

(4) A joint agency created under IC 8-1-2.2-**8**.

~~(b) Section 7 of this rule does not apply to a municipally owned or cooperatively owned utility or a joint agency created under IC 8-1-2.2.~~

(Indiana Utility Regulatory Commission; 170 IAC 4-8-2; filed Aug 31, 1995, 10:00 a.m.: 19 IR 26; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA)

SECTION 3. 170 IAC 4-8-3 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-8-3 Purpose

Authority: IC 8-1-1-3**; IC 8-1-8.5-10**

Affected: IC 8-1-8.5~~; IC 8-1.5~~

Sec. 3. (a) In order to facilitate compliance with the **Electric Utility Resource Planning and Certification statute (IC** ~~Utility Powerplant Construction Act (IC~~ 8-1-8.5)**, and other federal and state environmental statutes and regulations, as applicable,** ~~and to comply with the National Energy Policy Act of 1992 (16 U.S.C. 2621 and 16 U.S.C. 2622 effective October 24, 1992, P.L.102-486 Stat. 2795),~~ the commission has developed a regulatory framework that allows a utility an incentive to meet long term resource needs with both supply-side and demand-side resource options in a least-cost manner and ensures that the financial incentive offered to a DSM program participant is fair and economically justified. The regulatory framework attempts to eliminate or offset regulatory or financial bias against DSM, or in favor of a supply-side resource, a utility might encounter in procuring least-cost resources. The commission, where appropriate, will review and evaluate the existence and extent of regulatory or financial bias.

(b) In order to comply with the National Energy Policy Act of 1992 (16 U.S.C. 2621 and 16 U.S.C. 2622 effective October 24, 1992, P.L.102-486 Stat. 2795), the commission will review and evaluate the impact the utility's proposed demand-side management program may have on small privately owned business, as specified in section 8 of this rule.

(c) To ensure a utility's proposal is consistent with acquiring the least-cost mix of demand-side and supply-side resources to reliably meet the long term electric service requirements of the utility's customers, the commission, where appropriate, will review and evaluate, as a package, the proposed DSM programs, DSM cost recovery, ~~lost revenue~~, and shareholder DSM incentive mechanisms.

(Indiana Utility Regulatory Commission; 170 IAC 4-8-3; filed Aug 31, 1995, 10:00 a.m.: 19 IR 27; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA)

SECTION 4. 170 IAC 4-8-4 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-8-4 Demand-side management program evaluation

Comment [A20]: You would not consider lost revenues in a long term electric service requirements least cost planning analysis. To do so would be a fundamentally flawed approach to least cost resource planning. For example, you wouldn't consider lost revenues for a utility when comparing the construction of a nuclear power plant to a combined cycle natural gas plant. Obviously there would be revenues lost for a utility if it were to construct a combined cycle versus a nuclear unit, but to consider the least cost option for ratepayers, one would not consider this type of information in a resource planning analysis.

Authority: IC 8-1-1-3**; IC 8-1-8.5-10**
Affected: IC 8-1-8.5~~; IC 8-1.5~~

Sec. 4. (a) When seeking commission approval for cost recovery, DSM incentives, or lost revenue, a utility shall develop **and submit to the commission an EM&V plan** ~~a process and load impact evaluation plan~~ to assess implementation and quantify the impact on energy and demand of the demand-side resource. The ~~evaluation~~ **EM&V** plan must include the following:

(1) The type and timing of the measurement activity used to evaluate a demand-side resource.

(2) The process where the result is used to modify the impact estimate for future planning and design of the demand-side program.

(3) The procedure employed regarding the following aspects of the evaluation of each program:

(A) Establish a protocol to collect basic data on load impact, participation level, utility cost, participant cost, and total cost. Data must be gathered to determine the load shape impact, net **energy** program savings, useful life of the **DSM** measure, and persistence ~~of savings~~, including utility actions to optimize market penetration of the program and minimize freeriders.

(B) Compare demand patterns of similar participant and nonparticipant groups, through the use of customer bill analysis, engineering estimates, end-use meter data, or other methods to identify the gross **energy, gross demand** and net **energy and net demand** impacts of program participation on customers' usage and demand patterns.

~~(4) A method to measure rebound or the income effect for a program or a sector where the effect may be significant.~~

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(b) A utility shall submit to the commission **and post to the utility's website**, annually, a document containing information, data, and results from the utility's process and load impact evaluation studies.

(Indiana Utility Regulatory Commission; 170 IAC 4-8-4; filed Aug 31, 1995, 10:00 a.m.: 19 IR 27; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA)

SECTION 5. 170 IAC 4-8-5 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-8-5 Cost recovery

Authority: IC 8-1-1-3**; IC 8-1-8.5-10**
Affected: IC 8-1-8.5~~; IC 8-1.5~~

Sec. 5. (a) A utility is entitled to recover ~~the reasonable cost of planning and implementing a demand-side management~~ **program****prudent DSM program costs on a timely basis through a periodic rate adjustment mechanism. A utility may** ~~, in one~~**propose one** (1) or more of the following **alternative** ways **to recovery DSM program costs** ~~, or any combination of them,~~ as determined by the commission:

(1) The inclusion of the cost in the utility's base rates during a rate case using a balancing account, where appropriate, to reconcile the utility's recovered expenditures. The commission may, where appropriate, limit cost recovery to the utility's actual incurred

expenses, if the utility is spending less than the costs authorized by the commission for inclusion in the utility's base rates.

(2) The periodic recovery of the cost incurred in excess of the cost that is included in the utility's base rates.

(3) The inclusion of the capital cost, with accumulated AFUDC, in the utility's rate base during its rate case, amortized over a period set by the commission.

(4) The accumulation, with a carrying charge, of the non-capital cost incurred and not otherwise recovered through the utility's base rates or through periodic adjustments in a deferred account to be amortized over a period set by the commission.

(5) A cost recovery mechanism proposed by the utility, other parties, or the commission.

(b) The commission shall determine the cost recovery mechanism for a demand-side management program when the demand-side management program is submitted for commission approval.

(c) ~~The determination of a cost recovery mechanism for a demand-side management program under this section shall not constitute approval of a specific dollar amount, and the reasonableness or prudence of a revenue requirement for cost recovery may be debated in a future proceeding before the commission.~~

~~(d)~~ A utility proposing a load building or load retention program must quantify and document by program specific analysis, the net benefit to the utility's customers, and justify nonparticipant ratepayer funding for the program.

(~~c~~**d**) Cost recovery of a demand-side management program under this section shall continue as determined by the commission provided that the utility maintains satisfactory ~~implementation and completion of DSM program measurement and evaluation~~**EM&V** activities as specified in section 4 of this rule.

(~~f~~**e**) In order to ensure that DSM program benefits and costs are allocated between utility shareholders, participants, and nonparticipants in a fair and economical way, the utility must show the commission when a DSM program is reviewed that an incentive paid by the utility to the customer for participating in a DSM program when combined with the reduction in the participant's utility bills:

(1) reflects the net benefit of the DSM program to the utility and all customers; and

(2) minimize cross-subsidies between customer groups and between participants and nonparticipants within a customer group.

(Indiana Utility Regulatory Commission; 170 IAC 4-8-5; filed Aug 31, 1995, 10:00 a.m.: 19 IR 27; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA)

SECTION 6. 170 IAC 4-8-6 IS AMENDED TO READ AS FOLLOWS

170 IAC 4-8-6 Lost revenue

Authority: IC 8-1-1-3**; IC 8-1-8.5-10**

Affected: IC 8-1-8.5~~; IC 8-1.5~~

Sec. 6. ~~(a) The commission may allow the utility to recover the utility's lost revenue from the implementation of a demandside management program sponsored or instituted by the utility. The calculation of lost revenue must account for the following:~~

~~(1) The impact of free riders.~~

~~(2) The change in the number of DSM program participants between base rate changes and on the revised estimate of a program specific load impact that result from the utility's measurement and evaluation activities under sections 4 and 5(c) of this rule.~~

(~~b~~**a**) A utility seeking recovery of lost revenue shall propose for commission review a methodology or process for incorporating a lost revenue recovery mechanism which includes the following:

(1) The ~~level~~ **impact** of free-riders and spillover in a DSM program.

~~**(2) Spillover and market effects.**~~

(2) The change in the number of DSM program participants between base rate changes

(~~2~~**3**) A revised estimate of a DSM program specific load impact resulting from **the utility's EM&V**~~regular utility measurement and evaluation~~ activities.

~~(c) The commission may periodically review the need for continued recovery of the lost revenue as a result of a utility's DSM program, and the approval of a lost revenue recovery mechanism shall not constitute approval of specific dollar amount, the prudence or reasonableness of which may be debated in a future proceeding before the commission.~~

(c) A utility may propose adoption of an alternative rate design that eliminates the disincentive to pursue DSM programs in lieu of recovery of the utility's reasonable lost revenues. If the commission approves the utility's proposed alternative rate design proposal in a manner that eliminates the utility's disincentive to pursue DSM, a lost revenue recovery mechanism may not be approved.

(Indiana Utility Regulatory Commission; 170 IAC 4-8-6; filed Aug 31, 1995, 10:00 a.m.: 19 IR 28; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA)

SECTION 7. 170 IAC 4-8-7 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-8-7 Demand-side management utility performance incentives

Authority: IC 8-1-1-3**; IC 8-1-8.5-10**

Affected: IC 8-1-8.5~~; IC 8-1.5~~

Sec. 7. (a) ~~A **utility** is allowed an opportunity for earnings from prudent investments in both supply-side and demand-side resources. When appropriate, the commission may provide the utility with a shareholder incentive to encourage participation in and promotion of a demand-side management program.~~ A utility may propose a ~~**financial** shareholder~~**utility** ~~incentive~~**performance** incentive based on particular attributes of a DSM program and the program's desired results. A ~~shareholder **financial**~~**utility performance** incentive may include, but is not limited to, the following:

(1) Grant a utility a percentage share of the net benefit attributable to a demand-side management program.

(2) Allow a utility to earn a greater than normal return on equity for a rate based demand-side management expenditure.

(3) Adjust a utility's overall return on equity in response to quantitative or qualitative evaluation of demand-side management program performance.

(b) The commission may terminate, when appropriate, a ~~shareholder **financial**~~ utility performance incentive.

Comment [A21]: Should be "the impact of spillover and market effects.

Comment [A22]: Market effects should not be included in any utility lost revenue mechanism. This is essentially akin to rewarding lost revenue to gross energy savings. Any lost revenue mechanism should only include direct savings attributable to a program, not indirect savings presented in a market effects study.

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Comment [A23]: How is this point relevant to the calculation of a lost revenue mechanism?

Comment [A24]: Changed to utility performance incentive to highlight the point these incentives are only to be paid when a utility achieves a high level of performance relative to a goal.

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Comment [A25]: Which benefits included here should be explicitly stated.

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(c) A utility performance ~~financial shareholder~~ incentive shall not provide an incentive payment for a program unless the net kilowatt or kilowatt-hour impact, or both, can be reasonably determined.

(d) Load building and load retention programs are not eligible for utility performance ~~financial shareholder~~ incentives.

(e) A utility must include a**n** ~~comprehensive measurement and evaluation~~**its EM&V** plan with a ~~financial shareholder~~**utility performance** incentive request as described in section 4 of this rule.

(f) A ~~financial shareholder~~**utility performance** incentive mechanism must reflect the value to the utility's customers of the supply-side resource cost avoided or deferred by the utility's DSM program minus incurred utility DSM program cost.

(g) In order to reflect only the ~~conservation~~ **energy efficiency** and load management impact of a utility-sponsored DSM program, the ~~financial shareholder~~**utility** ~~incentive~~**performance** incentive mechanism must exclude the effect of free-riders from the incentive calculation.

(h) A utility performance ~~financial shareholder~~ incentive applicable to a DSM program may be based on prespecified demand and energy savings until the information on demand and energy savings from **the utility's** ~~utility measurement and evaluation~~**EM&V** activities becomes available.

~~(i) Commission approval of a mechanism for the recovery of a shareholder incentive based on a utility-sponsored DSM program is not approval for a specific dollar amount. The reasonableness or prudence of a revenue requirement for recovery of a shareholder incentive may be debated in a future proceeding before the commission.~~

(Indiana Utility Regulatory Commission; 170 IAC 4-8-7; filed Aug 31, 1995, 10:00 a.m.: 19 IR 28; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA)

SECTION 8. 170 IAC 4-8-8 IS AMENDED TO READ AS FOLLOWS

170 IAC 4-8-8 Impact of demand-side management on small business

Authority: IC 8-1-1-3**; IC 8-1-8.5-10**

Affected: IC 8-1-8.5~~; IC 8-1.5~~

Sec. 8. **(a)**Contemporaneously with the commission's approval of a utility's DSM program, the commission shall, under 16 U.S.C. 2621(c)(3)(A) and 16 U.S.C. 2621(c)(3)(B) effective October 23, 1992, do the following:

(1) Consider the impact that implementation of the proposed DSM program would have on small business engaged in design, sale, supply, installation, or servicing of ~~energy conservation,~~ energy efficiency improvements~~,~~ or other demand-side management measures.

(2) If necessary, implement a revision to the proposed DSM program to assure that utility actions would not provide the utility with an unfair competitive advantage over small business.

(Indiana Utility Regulatory Commission; 170 IAC 4-8-8; filed Aug 31, 1995, 10:00 a.m.: 19 IR 29; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21

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a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA)

SECTION 9. 170 IAC 4-8-9 IS ADDED TO READ AS FOLLOWS

170 IAC 4-8-9 Procedure for DSM Program Approvals
Authority: IC 8-1-1-3; IC 8-1-8.5-10
Affected: IC 8-1-8.5

Sec. 8. (a) An electricity supplier shall file a request for approval of a DSM plan not less than one time every three years beginning no later than December 31, 2017.

(b) A utility applying to the commission for approval of DSM programs shall include the following information in its petition or case in chief:

(1) A description of the each DSM programs proposed by the utility.

(2) A budget for the DSM plan, including budgets for specific DSM programs.

(3) A cost-benefit analysis as required by IC 8-1-8.5-10(j)(2) using the following tests:

(A) Participant test.
(B) Ratepayer impact measure (RIM).
(C) Utility Cost (UC)
(D) Total Resource Cost (TRC).
(E) Other reasonable tests accepted by the commission.

A utility is not required to express a test result in a specific format, but should include both benefit cost ratios and net benefits for each test.

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(4) Projected changes in customer consumption of electricity resulting from the implementation of the plan.

(5) A description of how the plan is consistent with the commission analysis

(6) A description of how the plan is consistent with the utility's IRP, including providing copies of relevant portions of the utility's most recent IRP.

(7) Identification of any undue or unreasonable preference to any customer class potentially resulting from implementation of an energy efficiency program.

(8) A description of the lost revenues or financial incentives sought to be recovered or received by the electricity supplier.

(9) The effect, or potential effect, in both the long term and the short term, of the plan on the electric rates and bills of customers that participate in energy efficiency programs compared to the electric rates and bills of customers that do not participate.

(c) If a utility chooses to offer a home energy efficiency assistance program for qualified customers as described in IC 8-1-8.5-10(h), it shall not be included in the overall cost effectiveness analysis of a utility's DSM programs; however, all DSM program costs and lost revenues associated with this program shall be fully recoverable.

(Indiana Utility Regulatory Commission; 170 IAC 4-8-9; filed XXXXXX)