Indiana Utility Oversight & Regulation

• Indiana Utility Regulatory Commission (IURC)
  – Primary Function is to act as surrogate to competition
  – Five Commissioners, four-year terms, one Commissioner must be an attorney
  – Appointed by, and serve at the pleasure of the Governor
  – No more than three from the same political party
  – “Creature of Statute”, empowered by the legislature

• Office of Utility Consumer Counselor (OUCC)
  – Consumer Counselor heads agency, four-year term
  – Must be an attorney
  – Appointed by, and serves at the pleasure of the Governor
  – Statutory representative of the public before the IURC
  – Not a regulator, do not make decisions
Since 2005, CenterPoint’s monthly residential electric bill for customers using 1,000 kilowatt hours has increased 84%
- 2005: $88.67 (Indiana IOU average, $81.03)
- 2009: $128.90 (Indiana IOU average, $100.86)
- 2013: $154.27 (Indiana IOU average, $116.08)
- 2017: $153.06 (Indiana IOU average, $127.86)
- 2021: $163.20 (Indiana IOU average, $143.33)
Since 2005, CenterPoint’s monthly residential electric bill for customers using 1,000 kilowatt hours has increased 84%

“Since 2005, compliance with U.S. Environmental Protection Agency (‘‘EPA’’) environmental requirements has required capital investment totaling approximately $500 million in various emission controls on these plants. Absent such investment, the units would have been retired.” (Direct testimony of Carl L. Chapman, Cause No. 45052, pg. 3)
• Resources leaving CenterPoint system, all coal (730 MWs total)
  • Brown Coal-Fired plant retiring, 2024 (490 MWs)
  • Culley Unit 2 retiring, 2024 (90 MWs)
  • Exiting joint-operations of Warrick Unit 4, 2020 (150 MWs)

• Planned Replacement Resources
  • 55 MWs new solar
  • 889 MWs fossil gas baseload plant, CCGT
  • Portfolio – 17% coal, 63% fossil gas, 8% renewables, 11% DSM/EE
April 1, 2019: Vectren receives approval from IURC to construct 50 megawatts of renewable energy in southwestern Indiana, Spencer County Solar Project near Troy.

April 24, 2019, IURC Issues Order in Vectren South’s Proposed Generation Plant Case – CCGT REJECTED.
IURC Rejection

What did they say?

• “The proposed large scale single resource investment for a utility of Vectren South’s size does not present an outcome which reasonably minimizes the potential risk that customers could sometime in the future be saddled with an uneconomic investment or serve to foster utility and customer flexibility in an environment of rapid technological innovation.”

• “Looking forward, Vectren South is scheduled to submit a new integrated resource plan (IRP) in 2019, and the Commission instructs Vectren South in that submission to present a more thorough analysis that fully evaluates all possible options for continuing to provide reliable, efficient, and economical electric service”
CenterPoint 2019-2020 IRP  The do-over, new plan

Generation Transition Plan, 2020 Integrated Resource Plan (IRP)

- Resources leaving CenterPoint system, all coal (730 MWs total)
  - Brown Coal-Fired plant retiring, 2023 (490 MWs)
  - Culley Unit 2 retiring, 2023 (90 MWs)
  - Exiting joint-operations of Warrick Unit 4, 2023 (150 MWs)

- Planned Replacement Resources
  - 1150 MWs new solar and solar + storage
  - 300 MWs new wind
  - 460 MWs fossil gas combustion turbines, (CTs)
2016 IRP

2036 Preferred Portfolio Resource Mix (MWs)

- Renewable: 8%
- Energy Efficiency/Demand Response*: 11%
- Other (OVEC**): 1%
- Coal Base Load (24/7 Power): 16%
- Natural Gas Peaking: 22%
- Natural Gas Base Load (24/7 Power): 41%

2019-2020 IRP

2025 Resource Mix Installed Capacity (MWs)

- Solar, 31%
- Natural Gas, 24%
- Solar+Storage, 16%
- Coal, 12%
- Wind, 15%
- DR, 2%
CenterPoint filing

Why are they asking?

Generation Transition Plan as outlined in this filing, Cause No. 45564

- Closing
  - 730 MWs of coal

- Adding
  - 735-865 MWs solar
    - Posey County Solar Project (300 MWs) approved October 27th, Cause No. 45501
    - Warrick County Solar Project (100 MWs) approved October 27th, Cause No. 45501
    - Vermillion County Solar Project (185 MWs) filed August 25th, Cause No. 45600
    - Knox County Solar Project (150 MWs) filed August 25th, Cause No. 45600

  - 200-350 MWs wind
    - No filing to date

- 460 MWs fossil gas turbines
  - Cause No. 45564 filed June 17th
CenterPoint Filing

What are they asking for?

- **$323M** to construct two new fossil gas turbines.
- **$27.3M** annually for a new pipeline to deliver fossil gas to the new turbines.
- **$12M** for a new dry-ash handling facility at the AB Brown coal-fired power plant.
- **$19M** for new ponds at the AB Brown and Culley coal-fired plants to handle flows like run-off from coal piles, wastewater, and stormwater.
CenterPoint filing

Why are they asking for CTs?

• “Further, the CTs are designed to provide fast start and fast ramping capability, providing dispatchable energy which is necessary to complement the Company’s renewable energy resources and ensure sufficient dispatchable capacity to reliably and efficiently serve the Company’s load when the intermittent renewable resources are not available for short or prolonged periods of time.” (Petitioner’s Exhibit No. 1, Page 15 of 24, direct testimony of Steven C. Greenley)

• “In recent years, metallurgy has been upgraded to handle multiple starts between maintenance cycles as well as start times shortened to as little as 10 minutes and ramp rates increased to 40 MWs per minute. Together the proposed CTs will be able to ramp at up to 80 MWs per minute. These features along with market import capabilities allow CenterPoint Indiana South to install large volumes of renewable energy and still maintain the ability to reliably and efficiently serve our heavy industrial customer base as well as commercial and residential load when the intermittent renewable resources are not available for short or prolonged periods of time.” (Petitioner’s Public Exhibit No. 2, Page 28 of 57, direct testimony of Wayne D. Games)
CenterPoint Filing

Key Dates

- June 17, 2021: Case filed, IURC Cause No. 45564
- October 13, 2021: Field hearing held
- November 12, 2021: OUCC written comment deadline
- November 19, 2021: Intervening parties testimony deadline
- December 20, 2021: CenterPoint rebuttal testimony deadline
- January 26-31, 2021: Evidentiary hearings before the IURC
- Waiting game, final IURC decision mid-2022
CenterPoint Filing

Intervening Parties

- Office of Utility Consumer Counselor (OUCC)
- Citizens Action Coalition (CAC)
- Sierra Club
- Sunrise Coal
- CenterPoint Indiana South Industrial Group
  - CountryMark Refining & Logistics
  - Toyota Motor Manufacturing of Indiana
Estimated Bill Impacts from this filing:

“Petitioner’s Exhibit No. 5, Attachment MAR-7 (CONFIDENTIAL) shows that the estimated residential year-one bill impact for a residential customer that uses 1,000 kWh per month is approximately $23 per month. This impact focuses simply on adding the two CTs and does not reflect offsets for sales or O&M and fuel savings from exiting the A.B. Brown units one and two.” (Petitioner’s Public Exhibit No. 5, Page 41 of 45, direct testimony of Matthew A. Rice)
CenterPoint Generation Plan

Estimated Annual Impacts

• Annual Savings (estimated)
  – O&M and fuel from coal closures, $143M
  – Sale of Renewable Energy Credits (RECs), $18-$24M
  – Securitization, $68M (*Senate Enrolled Act 386*, 2021 legislature)

• Annual Costs (estimated)
  – Fossil Gas Turbines, $79M
  – Renewable Resources, $111-$141M
  – Securitization Charges, $23M
• “The day-one bill impact of the plan is expected to be modest for the generation portion of customer rates, ranging from a $16 million dollars decrease per year to an increase of $27 million dollars per year in the near term and is expected to decrease in the long-term.” (Petitioner’s Public Exhibit No. 5, Page 42 of 45, direct testimony of Matthew A. Rice)

• Estimated monthly impact ranging from a monthly decrease of $4, to a monthly increase of $7.
One “minor” detail

- CenterPoint’s projected fossil gas prices to support the selected plan from the IRP ranged from a low of $1.95 to a high of $3.01 over the 20-year timeframe (Petitioner’s Public Exhibit No. 5, Page 15 of 45, direct testimony of Matthew A. Rice)

- EIA reports fossil gas prices at $4.07 in August, $5.16 in September, $5.51 in October.
TGT pipeline lateral  Henderson County Expansion
TGT pipeline lateral

• June 25th, Texas Gas files application for approval
  –TGT requested no environmental impact study be conducted

• July 9th, FERC notices application, comment period opens
  –CAC and others file protest July 30th

• July 29th, FERC seeks scoping comments on environmental issues
  –CAC and others file comments August 30th

• October 7th, FERC issues notice of intent to prepare EIS
  –CAC and others file comments, November 8th
A Better Path Forward

• Climate crisis should guide all resource decisions
• Do they need the fossil gas turbines?
• Demand response to more cost-effectively manage peak
• Energy efficiency, energy efficiency, energy efficiency
• Robust low-income Wx and assistance programs
• Community solar, distributed generation, storage
Other Cases of Note

• **FERC Docket No. CP21-467-000**, Texas Gas Transmission pipeline approval

• Recent **IURC approval** of 19.25% rate increase, CenterPoint South gas customers

• **Cause No. 45612**, CenterPoint South, approx. $280M
  – $49M TDSIC
  – $230M compliance projects
Thank You For Listening

Kerwin Olson, Executive Director
1915 W. 18th St, Suite C
Indianapolis, IN 46202
www.citact.org
kolson@citact.org
317-205-3535