

**OUCC Comments on  
NIPSCO's 2021 IRP Comments  
February 14, 2022**

**Environmental**

NIPSCO's operational coal-fired generating facilities have either installed equipment or will retire to comply with the Coal Combustion Residuals (CCR) Rule and the Steam Electric Generation Effluent Limitation Guidelines (ELGs). Therefore, NIPSCO has already planned for the major impending environmental compliance deadlines impacting its existing generation fleet. Michigan City Unit 12 has already installed a closed-loop bottom ash handling system and a dry Flue Gas Desulfurization (FGD) system that does not generate wastewater. Schahfer Units 14 and 15 retired in 2021, and Schahfer Units 17 and 18 plan to retire in 2023. In August 2020, the Environmental Protection Agency (EPA) issued its Part A Reconsideration of the CCR Rule in which it required any existing CCR impoundments impacting groundwater or failing to meet the aquifer separation locational standard to cease receipt of CCR material and begin closure by April 11, 2021. However, facilities that certify they will retire and complete ash impoundment closures by certain dates may continue to use ash impoundments beyond the April 2021 deadline. In Schahfer's case, Units 17 and 18 will cease operation by 2023 and its largest ash impoundment will complete closure by 2028, so it may qualify for an extension under the CCR Part A Reconsideration provisions found at 40 CFR Part 257.103(f)(2). NIPSCO submitted its Section 257.103(f)(2) demonstration for the Schahfer Generating plant on October 30, 2020, and the EPA deemed its application to be complete on January 11, 2022.<sup>1</sup> The EPA has yet to determine if Schahfer's submitted demonstration is eligible but will be issuing a proposed determination as soon as possible.

NIPSCO's future environmental compliance assumptions and sustainability measures center heavily on regulating carbon dioxide (CO<sub>2</sub>) emissions. NIPSCO's Reference Case assumes a price on CO<sub>2</sub> emissions beginning in 2026 at \$9/ton (in real \$2020) and increasing to \$15/ton by 2040. This range seems reasonable when comparing this price range to historical Regional Greenhouse Gas Initiative (RGGI) and California Carbon market prices. Given the pushback of implementing CO<sub>2</sub> standards at the federal level, the 2026 compliance timeline may be unrealistic. However, NIPSCO's planning scenarios also includes a Status Quo Extended, which assumes federal carbon emission limits are not implemented.

NIPSCO's planning scenarios also include two net-zero emission possible futures. The Aggressive Environmental Regulation Scenario includes a federal tax or cap and trade program that results in high CO<sub>2</sub> prices, and the Economy-Wide Decarbonization scenario relies on a power sector clean energy standard with federal decarbonization incentives such as extended and expanded federal tax credits for clean energy technologies and transportation electrification incentives. Comparing how NIPSCO's resource portfolios perform across two possible policy

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<sup>1</sup> U.S. EPA. *Coal Combustion Residuals Part A Implementation*. <https://www.epa.gov/coalash/coal-combustion-residuals-ccr-part-implementation>.

futures for reaching net-zero CO<sub>2</sub> emissions is helpful because one policy initiative may be more likely to be implemented than the other policy initiative.

As the OUCC has noted in its previous IRP comments, CO<sub>2</sub> should not be the only consideration in future environmental compliance assumptions. For example, state or federal restrictions on hydraulic fracking have the potential to impact natural gas prices. It is not clear if NIPSCO's natural gas price assumptions included potential hydraulic fracking regulations. The OUCC recommends NIPSCO consider and discuss other environmental regulations impacting the natural gas industry or availability of renewable generation materials in future IRP analyses.

### **Hourly Projected Energy Balance**

The OUCC is concerned with NIPSCO's hourly projected energy balance – especially after Michigan City's retirement. NIPSCO identifies this issue on page 10 of the IRP Summary, but no remedy is cited. On page 22 of the IRP Plan, Figure 2-8, the imbalance is further illustrated. This imbalance, occurring nearly every day, exposes NIPSCO to the market and further assumes the market can reliably supply the power. While NIPSCO's energy resources are in the Midcontinent Independent Operator's Zone 6, many of the resources shown in Figure 2-8 are not local to the NIPSCO system. This implies a high degree of transmission import capability will be required.