<u>HB 1414 – Let's Talk About The Cost of Coal</u>

<u>Coal proponents say: When coal plants shut down without fully depreciating, customers will pay more because they're still paying for that and for the new energy source.</u>
BUT DID YOU KNOW…
Depreciation rates are included and taken into account in the PVRR (present value revenue requirement), total cost to consumers over the 20-year timeline, in the Integrated Resource Plans (IRPs). It includes retirement and non-retirement equally. Customers will pay for depreciation regardless of when the plant is retired. Retiring coal plants early is proving to be more economical, even when accounting for depreciation.

<u>Coal proponents say: This is a bill about ratepayers.</u>
BUT DID YOU KNOW…
HB 1414 includes several ways for coal companies to make more money. Under current law a utility company can already recover costs for owning a 45-day supply of coal. HB 1414 will benefit coal companies and their executives by incentivizing utility companies to recover costs for up to 90 days' supply of coal, most of which could be out of state (available within 48 hours). Costs associated with the excess supply will be eligible for the utility company's fuel charge, therefore, ratepayers will incur the cost while coal companies and utilities will reap rewards.

<u>Coal proponents say: Coal plants are already paid for.</u>
BUT DID YOU KNOW…
There are many additional costs to running coal plants to full depreciation:

- There are ongoing fuel costs, which for Duke Energy is more than $500M per year.
- There are ongoing operations and maintenance costs…and new capital costs.
- There are retrofit and upgrade costs which also add costs to bills through trackers.

<u>Coal proponents say: Indiana's electricity rates have gone from 4th lowest to 28th lowest because of utilities moving away from coal and to other sources of energy.</u>
BUT DID YOU KNOW…
The commitment to and continued investment in operating coal plants has caused Indiana bills to rise significantly over the last ten years. The cost of Indiana's investment in coal will impact utility bills for years to come, but bills will increase less over time if we transition to cleaner, cheaper resources.

<u>Coal proponents say: HB 1414 is just a temporary pause on retiring coal plants.</u>
BUT DID YOU KNOW….
HB 1414 will require utilities to provide **3-years notice** to shut down some Indiana coal plants.

- "Sec. 11 (e) A public utility may not terminate a power agreement with a legacy generation resource in which the public utility has an ownership interest unless the public utility provides the commission with at least three (3) years advance notice of the termination.

The commission shall determine the reasonable costs incurred by the public utility under the power agreement and allow the public utility to recover those costs in a fuel adjustment charge proceeding under IC 8-1-2-42."

AND…

- The magnitude of cost savings for ratepayers in one year is significant. For example, NIPSCO projects that replacing just its coal units will save customers $4 billion over 30 years, or $133 million per year, and that's just one utility territory. Additionally, Hoosier Energy has stated that retiring the Merom coal plant in 2023 will save their customers at their 18 member cooperatives $30 million per year.
- Signaling to global investors that Indiana is resistant to moving toward a cleaner, more cost-effective electricity grid could have a chilling effect for companies who are considering locating or investing in Indiana. This effect is likely to outlast the term of the bill.
- Signaling to utilities that they should ignore cost-effectiveness and build their resource plans around protecting high-cost assets will certainly have a long-term effect on the utility planners as well as regulators' ability to protect the interests of customers.

The author of HB 1414 said on the House floor that this may cost $1 per household per month.
BUT DID YOU KNOW….
Even a one-year delay could cost much more than that (described above). But if we factor the author's statement, at roughly 2.3 million households, the cost just to households, not even including costs to businesses and other organizations, will be about $27.6 million dollars per year.

Coal proponents say: A pause on coal retirements is necessary to ensure grid reliability.
BUT DID YOU KNOW….
Current law requires that utilities and the IURC ensure electricity reliability. This bill does nothing to reinforce that requirement. In fact, by blocking utilities from investing in lower-cost, renewable power options, the bill forces utilities and regulators to value protecting failing assets over investing in the technologies that will power the future.

MYTH: All of the coal burned in Indiana is from Indiana coal plants.
FACT: Nearly 1/3rd of the coal burned in Indiana is shipped here from Illinois, Wyoming, Kentucky, West Virginia and Pennsylvania.

Coal proponents say: The cost of coal is cheaper than the cost of renewables.
BUT DID YOU KNOW…
The combined fuel, maintenance, and other going-forward costs of coal-fired power from many existing coal plants is now more expensive than the all-in costs of new wind or solar projects. A study released in 2019 found that by the year 2025 many **Indiana coal plants will have operating costs that are more than 25% higher than the cost of new renewables**.

Coal Is Costing Us. Vote No on HB 1414