April 24, 2020

Mary M. Becerra

Secretary to the Commission

Indiana Utility Regulatory Commission

PNC Center

101 W. Washington Street, Suite 1500 East

Indianapolis, IN 46204

*Via Electronic Mail* (mbecerra@urc.IN.gov)

 Re: Objections of Solarize Indiana to Vectren’s Pending 30-Day Filings Nos. 50331 and 50332

Dear Ms. Becerra,

To follow up on communications with Commission staff last week by Michael A. Mullett, a Member of its Board of Directors, Solarize Indiana, Inc. (“SI”) hereby submits its Objections and explanatory Comments with respect to Vectren’s pending 30-Day Filings Nos. 50331 and 50332. In addition, this is to provide limited additional comments by SI regarding the Objections, Amended Objections, and further Comments in response to Commission inquiry regarding Filing No. 50331 (as well as certain other filings by other utilities) by the Office of Utility Consumer Counselor (“OUCC”).

1. SI is an Indiana not-for-profit corporation recently incorporated “exclusively for charitable and educational purposes under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code.” In particular, SI “seeks to protect the environment and the public welfare by accelerating the adoption of clean, renewable energy through well-informed public and private energy choices.” See Articles of Incorporation, filed August 29, 2019, esp. Article II. Prior to its Summer 2019 incorporation, SI functioned with the same purposes as an unincorporated association beginning in Spring 2017. SI achieves its purposes principally through local volunteer teams who inform residential as well as small commercial, non-profit and governmental customers regarding the distributed energy resources (DER) now available to them in the competitive energy marketplace and then assist those customers in a carefully structured, time-tested manner commonly known as the “Solarize Model” to match their needs as they define them with the offerings of independent vendors of solar PV installations and related equipment and services which have been methodically screened for the quality of their products and services and the competitiveness of their prices through detailed Requests for Proposals (RFPs). Solarize Indiana has had such a local volunteer team operating in the Vectren service territory since Spring 2017 until the present. During 2019 and 2020 year-to-date, SI’s Evansville Area Team has facilitated the completion of 26 distributed solar projects within the Vectren service territory.
2. To frame its own Objections, SI notes and highlights this following prefatory statement by the OUCC in in its response to the Commission inquiry regarding the nature of and basis for the Office’s Objections:

The filings in question are made pursuant to the requirements of the Public Utilities Regulatory Policies Act (“PURPA”). Congress passed PURPA to encourage fuel diversity via alternative energy sources and to introduce competition into the electric sector. PURPA requires electric utilities to purchase electric energy from cogeneration facilities and small power production facilities at a rate that does not exceed the incremental cost to the electric utility of alternative electric energy (referred to as “avoided cost”). This requirement is to ensure the rates of purchase “be just and reasonable to the electric consumers of the electric utility and in the public interest.” 16 U.S.C.A. § 824a-3(b)(1). 170 Ind. Admin. Code 4-4.1, et seq. comprise Indiana’s rules for application of this act.

Generally speaking, it is SI’s position that Vectren’s filings are insufficient and incomplete with respect to PURPA compliance in multiple respects.

3. More specifically, Vectren’s Filings Nos. 50331 and 50332 both relate to the rates, forms of standard contract, and other terms and conditions of the published tariff for Vectren Rate CSP, the only tariff offering by Vectren to certain Qualifying Facilities under PURPA, namely those above one megawatt in capacity.

4. SI has particular concerns regarding Vectren Filing Nos. 50331 and 50332 because of their significant inter-relationship to Vectren’s imminent filing in a separate docketed proceeding relating to the rates, forms of standard contract, and other terms and conditions of what would, if and when approved by the Commission, become the published tariff for Vectren Rate EDG, another tariff offering by Vectren to certain Qualifying Facilities under PURPA, namely those of one megawatt or less in capacity.

5. While acknowledging that the specific rates, forms of standard contract, and other terms of conditions of the prospective tariff to be filed imminently by Vectren for Rate EDG may differ in particular respects, SI would represent to the Commission, based on information and belief, that it expects Vectren’s impending filing seeking Commission approval for the Rate EDG Tariff to be substantively similar to the draft Rate EDG Tariff presented by Vectren to the Commission on December 19, 2019. A public copy of this draft Rate EDG Tariff and related PowerPoint presentation are attached for reference to this electronic mail communication.

6. From SI’s perspective, after consultation with multiple other interests, the procedural approach which would most likely be conducive to productive discussions among the parties, conservation of the parties’ respective resources, and administrative and, potentially, judicial economy in avoiding the proliferation of litigation would be for the Commission to consolidate Vectren’s pending Rate CSP filings Nos. 50331 and 50332 with Vectren’s impending Rate EDG filing in the same docketed proceeding relating to their collective PURPA compliance.

7. In support of its perspective on this matter, SI would state:

1. Rates CSP and EDG both involve sales for resale subject to the principles and standards of PURPA and its implementing federal regulations and prior adjudications;
2. The market for cogeneration and alternate energy subject to PURPA’s framework of regulatory oversight is rapidly evolving due to technological advances not only in generation technology but also energy management information technology and energy storage technology, the convergence of which is fundamentally changing both what is technologically possible and what is economically and environmentally preferable in the production, transmission, distribution and consumption of electricity throughout the world and the nation, including the State of Indiana.
3. “One size fits all” has never been a formula that has worked well in the PURPA context. But, the recent and rapid evolution of the market for cogeneration and alternate generation now underway requires a much more variegated and sophisticated approach to matching the needs of electricity generators, customers, and customer-generators in a manner compatible with PURPA’s statutory framework and the broader public interest than ever before.
4. There is nothing in PURPA’s framework of regulatory oversight which precludes franchised electric utilities such as Vectren from making multiple, variegated tariffed offerings to customer generators seeking to install facilities qualifying under that framework. Indeed, to meet the underlying purposes and standards of PURPA, such multiple, variegated tariffed offerings have become essential in the current, rapidly evolving market for cogeneration and alternate generation.
5. In particular, SI would submit that there are differences in circumstances among prospective customer-generators which are at least as critical to achieving PURPA’s goals and serving the broader public interest as whether their proposed facilities are larger or smaller than one megawatt, the primary distinction between current Vectren Rate CSP and prospective Rate EDG.
6. Most importantly, there is the matter of whether the proposed facilities are planned for interconnection at the transmission or distribution levels of the grid. In this regard, SI would direct the Commission especially to the prospectus prepared by its consultant, Lawrence-Berkeley National Laboratory, for its section of the Commission’s planned report to the 21st Century Energy Policy Task Force which outlines in some detail the explosive market potential of distributed energy resources (DER). See <https://www.in.gov/iurc/files/IURC%20progress%20update%20Jan%202020%20final%20def.pdf> .
7. There is also the matter of the specific location on the distribution or transmission grid of the proposed facilities as it relates to properly identifying and quantifying the “avoided costs” which define their economic value to the electrical system as a whole within the PURPA context. The billions of dollars now being requested by utilities and approved by the Commission for tracked Transmission and Distribution System Improvement Charges (TDSIC) underlines in bold the huge and increasing significance of such costs.
8. Further, the particular generation technology planned for the proposed facilities also matters with respect to the identification and quantification of the “avoided costs” which define their economic value to the electrical system as a whole with the PURPA context, e.g. avoided CO2 emissions costs.
9. Additionally, there is the matter of whether the proposed facilities may offer storage and ancillary services in addition to energy and capacity of economic value to the grid.
10. Then, too, there is the matter of the differing generation profile of the proposed facilities in relation to time-of-day and time-of-year as affecting their economic value to the larger grid.

SI submits that assessing whether all of Vectren’s current and prospective PURPA tariff offerings, in combination, address these various considerations sufficiently to comply with PURPA’s goals and standards would be best-served by the consolidated proceeding urged by SI.

1. While the Commission’s own rules implementing PURPA have been procedurally readopted several times, they have not been substantively revised in any material respect since 1995. Plainly, the updating of these rules in the near-term to account for the fundamentally different circumstances now applicable in the third decade of the 21st Century is required and should be undertaken by the Commission. But, in the meantime, the Commission’s initiation of such a rulemaking would be greatly informed and unquestionably facilitated if the real market conditions and constraints extant today in a compact, relatively small service territory such as Vectren’s could serve as a “laboratory” in which the franchised utility and the various other affected interests could present their perspectives, issues and concerns relating to PURPA compliance for one another’s as well as the Commission’s consideration.

1. Indeed, Vectren’s service territory would provide an especially instructive “laboratory” for identifying, articulating and balancing the various interests and considerations involved inasmuch as Vectren has an affiliated energy services company (Energy Systems Group) competing within its service territory with unaffiliated vendors and suppliers of alternate energy resources. Vectren also has another affiliate (Ohio Valley Electric Company) with which it has a purchased power agreement which, for the 2019 calendar year, required it to buy an amount of fossil fuel power allocated to it by the affiliate at its fully embedded cost averaging 6.5 cents per kwh – a most interesting comparison to what Vectren is citing as its “avoided cost” in relation to Rates CSP and EDG. Moreover, as Vectren itself states in its Filing No. 50332, it now has a customer to which it wishes to offer an “additional” standard form of contract different from the one it has used for many years and offered again this year to other cogenerators and alternate energy generators. Of course, to be PURPA-compliant, rates and other tariff terms and conditions must be both non-preferential and non-discriminatory in relation to qualifying facilities and entities. 18 CFR § 292.304(a)(1)(ii).

8. SI also joins the specific Objection of the OUCC to Vectren’s 50331 30-Day Filing for its failure to comply with one aspect of the Commission’s current, outdated rules. SI does not take a position at this time with respect to the OUCC’s Objections to the 30-Day Filings of utilities other than Vectren. This choice by SI should not be construed as either support for or opposition to the OUCC’s Objections regarding these other filings, but instead understood as SI defining its interests to focus narrowly at this time on Vectren’s existing and prospective set of PURPA rates, standard contracts, and other terms and conditions of service for the reasons and purposes described above.

9. Additionally, SI asserts that the OUCC’s Amended Objection to Vectren’s Filing in 50331 should be read to apply to Filing 50332 as well because the two filings are inextricably intertwined with respect to the substance of the OUCC Objection. In the event the OUCC demurs from this interpretation of its Objection, SI asserts as its own this same Objection to Filing 50332.

Respectfully submitted,

/s/ Russell Ellis

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