

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF SOUTHERN INDIANA GAS	)	
AND ELECTRIC COMPANY D/B/A	)	
VECTREN ENERGY DELIVERY OF	)	
INDIANA, INC. FOR APPROVAL OF A	)	
TARIFF RATE FOR THE PROCUREMENT	)	CAUSE NO. 45378
OF EXCESS DISTRIBUTED GENERATION	)	
PURSUANT TO IND. CODE § 8-1-40 ET SEQ.	)	

**SUBMISSION OF AND BRIEF IN SUPPORT  
OF FINDINGS RELATING TO DETERMINATION OF  
“EXCESS DISTRIBUTED GENERATION” IN PROPOSED ORDER**

Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc., a CenterPoint Energy Company (“Vectren South” or “Petitioner”), by counsel, respectfully submits for the Commission’s consideration and use the form of proposed Order attached hereto.

The principal issue in this proceeding is whether Vectren South’s proposal to instantaneously net the two components of “excess distributed generation” set forth in Ind. Code § 8-1-40-5 is consistent with that statute and in the public interest.<sup>1</sup> Vectren South has filed two briefs in this proceeding showing that “instantaneous netting” is consistent with the language of Ind. Code § 8-1-40-5. This Brief concisely reiterates that instantaneous netting is authorized under Ind. Code § 8-1-40-5, but otherwise focuses on the substantial evidence showing instantaneous netting results in payments to distributed generation (“DG”) resource owners for “excess distributed generation” that are in the public interest. The OUCC’s and Intervenor’s proposal to use the same monthly netting period applied to “net metering” customers under 170 IAC 4-4.2-7, on the other hand, continues the subsidy provided to DG customers at the expense of customers that do not own or cannot afford DG – and effectively results in continuation of the net metering

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<sup>1</sup> Intervenor’s raised several other issues designed to prevent or delay implementation of Vectren South’s proposed rider for excess distributed generation, all of which are addressed in Petitioner’s Proposed Order.

paradigm under which DG customers can pay nothing for energy provided by Vectren South at the expense of Petitioner's other customers.

**I. INSTANTANEOUS NETTING IS CONSISTENT WITH IND. CODE § 8-1-40-5.**

Petitioner's proposed Rider EDG calculates "excess distributed generation" in precisely the manner set forth in Ind. Code § 8-1-40-5 and refers to the "excess distributed generation" as "Outflow." As initially described in ¶ 15 of the Verified Petition and as further explained by Petitioner's Witness Rice, "[t]he net of the electricity supplied by Vectren South to the customer and the electricity supplied back to Vectren South is captured as 'Outflow' on the customer's meter." (Pet'r's Ex. 3 at 6, lines 13-15.) The meter registers as Outflow the net of both components of "excess distributed generation" in accordance with Ind. Code § 8-1-40-5. (*Id.* at lines 16-17)

Under proposed Rider EDG, the marginal price of power, plus the statutory 25% premium (i.e., \$0.03183), is applied to "all Outflow." (Pet'r's Ex. 3, Attach. MAR-R1 at 2.) "Outflow" is defined in Petitioner's proposed Rider EDG as "the separate meter channel measurement of energy delivered by Customer to Company as Excess Distributed Generation." (Pet'r's Ex. 3, Attach. MAR-R1 at 1.) Rider EDG defines "Excess Distributed Generation" precisely as it is defined in Ind. Code § 8-1-40-5: "in accordance with IC 8-1-40-5, the difference between (1) the electricity that is supplied by an electricity supplier to a customer that produces distributed generation; and (2) the electricity that is supplied back to the electricity supplier by the customer." (*Id.*)

Notwithstanding the OUCC's and Intervenor's claims to the contrary, there should be no dispute that electricity flowing through the meter and registered as "Outflow" is, in fact, the "excess distributed generation" produced by a DG customer for purposes of Ind. Code § 8-1-40-5. This unused or "excess" electricity registered as "Outflow" on the meter is the electricity Vectren South must accept from the DG customer – regardless of whether that excess electricity is needed to meet system needs or not. As noted by Vectren South Witness Joiner, the excess electricity produced by DG customers does not reduce Vectren South power plant operations, fuel costs or

purchased energy costs, but it still must be accepted onto the Vectren South system at a moment's notice. (Pet'r's Ex. 4 at 4.) Indiana Code § 8-1-40 *et seq.* appropriately compensates the DG customer for that excess DG based on the rate the utility could have purchased the same energy at wholesale, plus a 25% adder (which is generous given that it may or may not be useful at the time it is delivered). The utility's other customers must pay for this excess electricity – whether needed or not – through the fuel adjustment clause. Ind. Code § 8-1-40-15.<sup>2</sup>

In addition to compensating DG customers at a rate exceeding wholesale cost regardless of need for the electricity, the OUCC and Joint Intervenors argue that Ind. Code § 8-1-40-5 also requires Vectren South to permit DG customers to net the amount of the excess electricity they deliver to the Company at various times during the month against the amount of electricity supplied by Vectren South to them over the course of the same month. Nothing in Ind. Code § 8-1-40 *et seq.* requires a monthly, or billing period, netting (which, as discussed below, Intervenors' witnesses recognize). Moreover, the Outflow measurement on the meter already is net of the amount of electricity supplied by the Company to meet the customer's load at the instant the Outflow occurs. (Pet'r's Ex. 3 at 6, lines 13-15.) Accordingly, if the OUCC's and Intervenors' view were to be adopted by the Commission, it would result in a double netting of the amount of energy supplied by Vectren South to the customer first through instantaneous netting and then through their misapplied monthly netting.

The OUCC and Intervenors are arguing that Ind. Code § 8-1-40-5 requires the Commission to adopt a policy that treats Outflow from each Rider EDG customer as if it is being stored by Vectren South for that customer's future use during the month. This policy, if adopted by the Commission, would be inconsistent with reality, along with the General Assembly's express intent to eliminate net metering. See Ind. Code 8-1-40-10. Excess DG that Vectren South must purchase at various instants during the month cannot be stored for the customer's later use to

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<sup>2</sup> "Amounts credited to a customer by an electricity supplier for excess DG shall be recognized in the electricity supplier's fuel adjustment proceedings under IC 8-1-2-42." Ind. Code § 8-1-40-15.

offset their Inflows. When a DG customer's meter registers Inflow, Vectren South is either purchasing or producing power to meet that DG customer's need. Vectren South cannot use the same DG customer's Outflow from earlier in the month (or even earlier in the day) to meet those subsequent needs.

If a Rider EDG customer wants to offset future Inflows with their past excess DG, they can do so by purchasing a home battery storage system. However, Indiana Distributed Energy Alliance Witness Morton testifies that "battery storage is very expensive" and therefore, "adding the cost of batteries lengthens the financial payback time for a solar energy investment." (Indiana Distributed Energy Alliance Ex. 2 at 9.) Instead of imposing the "expensive" cost of procuring battery storage on prospective DG customers, the OUCC and Intervenors recommend the Commission interpret Ind. Code § 8-1-40 *et seq.* to require that customers that do not own DG resources provide fictitious storage on the utility's system and allow Rider EDG customers to use their excess DG to offset Inflows occurring at any time during the month. As further discussed in Section II.A., below, the cost of providing that imaginary storage to non-DG customers is significant.

Joint Intervenors' Witness Jester acknowledges that "excess distributed generation" as defined in Ind. Code § 8-1-40-5 is the "Outflow" registered on the meter. Joint Intervenors' Witness Jester states: "If the amount of power supplied from the distributed generation is greater than the amount required by the customer's load, *the **excess distributed generation** will flow from the customer's premises to the utility; this is referred to as **outflow** in Vectren South's Petition."* (Joint Intervenors Ex. 1 at 10, lines 3-8 (emphasis added).) Likewise, Joint Intervenors' Witness Kenworthy states: "I am not a lawyer but have been advised by counsel that Ind. Code § 8-1-40 *et. seq.* (the 'DG Statute') does not require the Company to propose an instantaneous billing methodology. . . I have been advised by counsel that the concept of some netting period is implied by the use of the word 'difference,' and that the netting period is not specified in the statute." (Id. at 7 lines 8-15.)

Ind. Code § 8-1-40-5 may not require use of an instantaneous netting methodology, but it certainly does not specify the use of the same monthly netting methodology used for net metering. Rather, the Commission may use its informed expertise and judgment to determine whether a proposed netting period is in the public interest. If that were not so, the General Assembly could have used the “billing period” language found in the net metering regulation (170 I.A.C. 4-4.2-7) in defining “excess distributed generation,” but chose not to do so.<sup>3</sup> Instead, as Mr. Kenworthy admits, the General Assembly left this matter to the Commission’s discretion. As further discussed below, instantaneous netting is consistent with the public interest and properly compensates a DG customer for their “excess distributed generation.”

**II. “INSTANTANEOUS NETTING” AS OPPOSED TO “MONTHLY NETTING” RESULTS IN PAYMENTS TO DG CUSTOMERS THAT ARE IN THE PUBLIC INTEREST.**

**A. Monthly netting would perpetuate the subsidy to DG customers, and effectively result in bills for zero consumption for a large percentage of DG customers.**

Instantaneous measurement and calculation of “excess distributed generation” using the components set forth in Ind. Code § 8-1-40-5 results in rates that are just and reasonable. Netting the two elements set forth in Ind. Code § 8-1-40-5 on a monthly basis, rather than an instantaneous basis, has the effect of substantially reducing the DG customer’s bill for energy provided by Petitioner, which ultimately is paid for by Vectren South customers that do not have a behind the meter generation source. As stated above, this is because monthly netting falsely treats prior period Outflow (which already is net of Inflow at that moment) as having been stored by the utility for the DG customer’s future use. This fiction results in an artificially low monthly bill for DG customers.

At the request of certain Intervenors, Vectren South prepared five customer bill analyses, using data gathered over the past twelve months which were summarized in the direct testimony

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<sup>3</sup> “It is just as important . . . to recognize what a statute does not say as it is to recognize what it does say.” *Van Orman v. State*, 416 N.E.2d 1301, 1305 (Ind. Ct. App. 1981) (citation omitted).

of Mr. Rice. In the case of three of the five DG customers, the analysis showed the customer would be billed for *zero* consumption for most of the months of the year under a monthly netting paradigm, even though energy was provided by Vectren South to those DG customers and consumed throughout the year. (Pet'r's Ex. 5 at 14-16.)

One customer was billed for zero consumption for eleven of twelve months, even though energy was consumed by the customer throughout the year. The one month where usage was actually part of the bill calculation was only because the customer had exhausted all of its credit bank – and still, the customer was billed well below what the monthly meter read reflected. (Pet'r's Ex. 5 at 14.) Another customer was billed for *no usage* during the twelve-month period. (*Id.* at 15.) A third customer was billed for only approximately half of their actual usage. (*Id.* at 16.) These customers do not operate on Vectren's system at zero cost and the energy they consumed during the foregoing periods (but were not billed for) certainly was not purchased or produced by Vectren South at no cost. Petitioner's other customers are paying for the electricity these DG customers consumed.

Instantaneous netting, on the other hand, will result in a Rider EDG customer paying for the energy they are supplied by the Company, no more and no less. Likewise, instantaneous netting compensates the DG customer for the amount of energy they produce in excess of the amount supplied by the Company. As shown in Table MAR-3 of Petitioner's Exhibit 2, the result of instantaneous netting is that Rider EDG customers will pay more than they would under a monthly net metering paradigm, but not as much as they would have consumed under the "Buy All/Sell" paradigm that was initially considered when the General Assembly enacted Senate Enrolled Act 309 ("SEA 309")<sup>4</sup>:

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<sup>4</sup> See Introduced Version of SEA 309, which provided: "(1) all distributed generation produced by the customer shall be purchased by the electricity supplier at the rate approved by the commission under section 13 of this chapter; and (2) all electricity consumed by the customer at the premises shall be considered electricity supplied by the electricity supplier and is subject to the applicable retail rate schedule." (available at: <http://iga.in.gov/static-documents/f/3/1/a/f31a292c/SB0309.01.INTR.pdf>).

**Table MAR-3**

<b>Residential – Rate RS (April 2019)</b>	<b>Rider NM</b>	<b>Rider EDG</b>	<b>Buy All / Sell All</b>
kWh – Inflow	58	1,541	2,650
kWh – Outflow		(1,483)	(2,592)
Net kWh – Metered	58	58	58
Total Volumetric Charges – Rate RS	\$8.13	\$214.32	\$368.60
Total Fixed Charges – Rate RS	\$13.00	\$13.00	\$13.00
Total Generation Credit – EDG	\$0.00	\$(53.84)	\$(94.12)
<b>Total Bill</b>	<b>\$21.13</b>	<b>\$173.48</b>	<b>\$287.48</b>

The table compares customer billing under Rider NM (monthly netting), Rider EDG (instantaneous netting), and a “Buy-All / Sell-All” option that was initially proposed by the General Assembly in SEA 309 (no netting). A customer under Rider NM who takes a net amount of electric service of 58 kWh (Inflow) for a month will have a total bill (before sales tax) of \$21.13, including total volumetric and fixed charges. A customer under Rider EDG, who also has net service of 58 kWh, now measured with 1,541 kWh of total Inflow and 1,483 kWh of total Outflow, will have a bill (before sales tax) of \$173.48. The difference between the amounts paid under the two paradigms is because under Rider EDG, rather than a single net amount of service being billed for the month as with Rider NM, the meter of a Rider EDG customer records the flows in every instance, determining when energy produced by the DG resource is actually consumed by the customer and when it is “excess distributed generation” that must be accepted onto the Vectren South system.

Under the monthly netting paradigm, Vectren South’s non-DG customers ultimately pay for the additional approximately \$150 of purchased power through the Fuel Adjustment Charge. Accordingly, Vectren South’s non-DG customers are paying for the cost of the battery storage system that Mr. Morton describes as being too “expensive” for DG customers.

Rider EDG as proposed by Vectren South results in the DG customer being compensated for what it produces and charged for the electricity Vectren South supplies under the existing tariff

rates. Perpetuating the paradigm that exists under Rider NM where the approximately \$150 the DG customer should have paid for electricity it consumed is subsidized by Petitioner's other customers is neither consistent with the intent of Ind. Code § 8-1-40 nor in the public interest.

**B. Vectren South's non-DG customers are not benefiting from DG customers in any way that warrants the substantial subsidy the OUCC and intervenors ask the Commission to continue.**

To counter the obvious unfairness of requiring Petitioner's non-DG customers to pay for electricity consumed by DG customers, intervenors offer several arguments intended to persuade the Commission that DG customers produce some corresponding benefit to Petitioner's system. However, there is no evidence of such a benefit – and in fact, the record shows DG customers may burden the system more than other customers.

Petitioner's Witness Rice explained that Vectren South's distribution and transmission system is designed to meet the peak requirements of customers with a goal of ensuring electricity is available at all points, every second of the day, 365 days a year. (Pet'r's Ex. 3 at 13.) As such, a DG customer that interconnects to Vectren South's distribution system requires a level of service equal to that of a customer that does not have a DG resource. In addition, the interconnection with a DG customer must be capable of handling both instances when the customer is not consuming electricity and the DG resource is producing electricity, forcing Vectren South's system to be able to absorb the additional input into the system without creating failures for other customers. (*Id.*)

Mr. Rice further noted that the costs to manage DG customers, from interconnection evaluation to billing, are greater than those for non-DG customers. (Pet'r's Ex. 3 at 17-18.) Mr. Rice explained that the inability to monitor and control the distribution system for small-scale intermittent generation resources, along with the changing flow of energy across the system, all add costs for Vectren South to maintain a safe and reliable grid for all customers. (*Id.*)

Mr. Joiner testified that Outflow produced by customer-owned DG resources does not reduce power plant, distribution or transmission system costs. (Pet'r's Ex. 4 at 5.) Moreover, a



DG unit does not reduce system demand and cannot be recognized as a planning level resource. (*Id.*) Mr. Joiner further noted that DG resource owners typically realize Inflows instead of Outflows during the peak conditions on which capacity accreditation is based. (Pet'r's Ex. 4 at 7.) Accordingly, Mr. Joiner noted that Vectren South must procure capacity on behalf of the DG facilities just like the rest of its customers. (*Id.*) In addition, Mr. Joiner testified that customer-owned DG, without additional transmission reinforcement, likely "degrades system reliability, and at a minimum increases the potential for curtailments." (Pet'r's Ex. 4 at 8.)

Even if DG customers provided some negligible benefit to Vectren South's system, which is not apparent from the evidence in this proceeding, any such benefit would not justify those customers paying *zero* for energy used during most months of the year. The 25% adder to the LMP price paid for energy purchased from such customers more than compensates them for any benefit they provide.

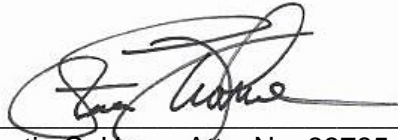
Simply put, there is no cost basis for the use of a monthly netting approach for Rider EDG customers. The use of instantaneous netting appropriately recognizes that excess DG – Outflow – is truly offsetting only the Company's energy costs (*i.e.*, the marginal cost of energy in the market). In addition, by acknowledging there is a distinct metered difference between when the excess DG occurs (Outflow) and when the customer requires energy in excess of production (Inflow), there is better alignment of the recovery to the costs incurred, minimizing or avoiding the intra-class subsidy that exists under traditional Net Metering.

### **III. CONCLUSION.**

For the reasons set forth above, Vectren South respectfully requests that the Commission follow the intent and explicit language of Ind. Code § 8-1-40 *et seq.* and enter the findings approving the instantaneous netting methodology set forth in the Proposed Order attached hereto.

**[Signature page follows]**

Respectfully submitted,



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## CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing has been served upon the following by electronic mail and/or U.S. Mail this 18<sup>th</sup> day of December, 2020:

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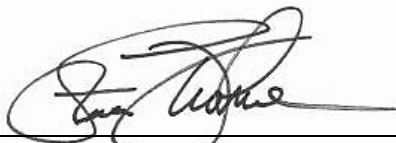
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**STATE OF INDIANA**  
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**GENERATION PURSUANT TO IND. CODE § 8-1- )**  
**40 ET SEQ. )** **CAUSE NO. 45378**

**ORDER OF THE COMMISSION**

**Presiding Officers:**

**Stefanie N. Krevda, Commissioner**

**David L. Ober, Commissioner**

**Carol Sparks Drake, Senior Administrative Law Judge**

On May 8, 2020, Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc., a CenterPoint Energy Company, (“Vectren South,” “Petitioner,” or “Company”), filed a Verified Petition with the Indiana Utility Regulatory Commission (“Commission”) seeking approval of a tariff rate for the procurement of excess distributed generation (“Rider EDG”) pursuant to Ind. Code § 8-1-40-1 *et seq.* (the “Distributed Generation Statue”). Petitioner filed with its Verified Petition the testimony and attachments of:

- J. Cas Swiz, Petitioner’s Director, Regulatory and Rates; and
- Justin M. Joiner, Petitioner’s Director, Power Supply Services.

On May 12, 2020, the Citizens Action Coalition of Indiana, Inc. (“CAC”) filed a Petition to Intervene, which was granted by Docket Entry dated May 26, 2020. The Environmental Law & Policy Center (“ELPC”) filed a Petition to Intervene on May 13, 2020, which was granted by Docket Entry dated May 27, 2020. Indiana Distributed Energy Alliance (“IDG”) filed a Petition to Intervene on May 21, 2020, which was granted by Docket Entry dated June 3, 2020. On May 27, 2020, Vote Solar and Solar United Neighbors (“SUN”) filed separate Petitions to Intervene, which were granted by separate Docket Entries dated June 9, 2020. Performance Services, Inc. filed a Petition to Intervene on July 9, 2020, which was granted by Docket Entry dated July 17, 2020.

On May 18, 2020, Solarize Indiana, Inc. (“Solarize”) filed a Petition to Intervene. On May 29, 2020, the Presiding Officers granted Solarize’s Petition to Intervene but noted that Solarize also raised PURPA related matters in its Petition to Intervene that were not shown to be within the scope of this matter. The Presiding Officers held: “[t]his Cause currently centers upon the application of Ind. Code § 8-1-40-1 *et seq.* and the Commission’s review of Vectren South’s pending petition under Ind. Code § 8-1-40-17.” On June 8, 2020, Solarize filed a Verified Appeal to the Full Commission for the purpose of requesting that the full Commission modify and clarify

the limitations on Solarize’s right to raise issues and seek affirmative relief regarding “PURPA-related matters.” On June 15, 2020, Petitioner filed a Response in Opposition to Solarize’s Verified Appeal to the Full Commission and Solarize filed a Verified Reply on June 22, 2020. On June 29, 2020, the Presiding Officers issued a Docket Entry indicating the full Commission had affirmed the decision by the Presiding Officers and declining to modify the May 29, 2020 Docket Entry granting Solarize’s Petition to Intervene.

On May 22, 2020, Solarize filed a Verified Motion to Consolidate (“Motion to Consolidate”) the subject proceeding with Petitioner’s then pending 30-Day Filings Nos. 50331 and 50332. On May 28, 2020, CAC, ELPC, SUN and Vote Solar (collectively referred herein as the “Joint Intervenors”) along with IDG filed a Response in Support of Solarize’s Motion to Consolidate. On June 8, 2020, Petitioner filed a Response in Opposition to Solarize’s Motion to Consolidate and Solarize filed a Verified Reply on June 15, 2020. On June 26, 2020, the Presiding Officers issued a Docket Entry denying Solarize’s Motion to Consolidate.

On May 29, 2020, Petitioner, the Indiana Office of Utility Consumer Counselor (“OUCC”), IDG, Solarize, and the Joint Intervenors filed a Joint Motion for Approval of Agreed Procedural Schedule. On June 3, 2020, the Presiding Officers issued a Docket Entry establishing a procedural schedule.

On August 5, 2020, Joint Intervenors filed a Verified Motion to Compel Petitioner to Respond to Relevant Discovery (“Motion to Compel”). Petitioner filed a Verified Response in Opposition to Joint Intervenors’ Motion to Compel on August 10, 2020, and Joint Intervenors filed a Verified Reply on August 11, 2020. The Presiding Officers issued a Docket Entry granting Joint Intervenors’ Motion to Compel on August 13, 2020.

On August 20, 2020, the OUCC filed the testimony and attachments of Anthony A. Alvarez, Utility Analyst. On that same date, IDG filed the testimony and attachments of:

- Edward T. Rutter, Manager, LWG CPAs and Advisors;
- Brad Morton, President and Owner, Morton Solar; and
- Kurt Schneider, Founding Partner, Johnson Melloh Solutions.

Also, on the same date, Joint Intervenors filed the testimony and attachments of:

- William D. Kenworthy, Regulatory Director, Midwest, Vote Solar; and
- Douglas B. Jester, Partner, Lakes Energy LLC.

In addition, on August 20, 2020, Solarize filed the testimony and attachments of:

- Jay W. Picking, Team Leader;
- Jean M. Webb, volunteer;
- Darrell Boggess, Board Member;
- Barry S. Kastner, Treasurer; and
- Michael A. Mullett, volunteer.

On August 26, 2020, Solarize filed a Verified Motion For Leave to Supplement its Prefiled Testimony and Workpapers with Respect to Specified Topics and Witnesses, which was later

withdrawn and replaced with an Amended Verified Motion For Leave to Supplement its Prefiled Testimony and Workpapers with Respect to Specific Topics and Witnesses filed on September 2, 2020. On September 3, 2020, Petitioner filed a Response and Partial Objection to Solarize's Motion for Leave to Supplement, indicating that Petitioner did not object to Solarize supplementing Mr. Kastner's testimony but did object to the proposed supplement to Mr. Mullett's testimony. On September 10, 2020, Solarize filed a Verified Reply. On September 17, 2020, the Presiding Officers issued a Docket Entry granting Solarize leave to file the supplemental testimony of Mr. Kastner and his related confidential work papers but denying Solarize leave to file the proposed supplemental testimony of Mr. Mullett.

On August 31, 2020, IDG filed a Motion for Leave to File Supplemental Testimony of Edward T. Rutter. On September 8, 2020, Petitioner filed a Response to IDG's Motion for Leave to File Supplemental Testimony of Edward T. Rutter, indicating it did not object to such additional testimony. On September 14, 2020, the Presiding Officers issued a Docket Entry Granting IDG's Motion.

On August 27, 2020, Petitioner filed a Motion for Protection and Nondisclosure of Confidential and Proprietary Information ("Petitioner's Motion for Confidential Treatment"). The Presiding Officers granted Petitioner's Motion for Confidential Treatment by Docket Entry dated September 9, 2020. Also, on August 31, 2020, IDG filed a Motion for Protection and Nondisclosure of Confidential and Proprietary Information ("IDG's Motion for Confidential Treatment"), which the Presiding Officers granted by Docket Entry dated September 11, 2020.

On September 11, 2020, Petitioner filed the rebuttal testimony and attachments of:

- J. Cas Swiz;
- Justin M. Joiner;
- Jason L. Williams, Petitioner's Director, System Operations; and
- Ryan E. Abshier, Petitioner's Manager, Indiana Planning and Protection.

Also, on September 11, 2020, Petitioner filed a Response to Issues Raised Relating to the Public Utility Regulatory Policies Act ("PURPA")<sup>1</sup> raised by certain Intervenors.

On September 17, 2020, the OUCC, IDG, Joint Intervenors, Solarize and Performance Services ("Joint Movants") filed a Motion for Summary Judgment and Brief in Support of Motion. On September 22, 2020, Petitioner filed a Response to Joint Movants' Motion for Summary Judgment as well as a Designation of Evidence in Support of Response to Joint Movants' Motion for Summary Judgment. On September 29, 2020, Joint Movants filed a Reply to Petitioner's Response to the Motion for Summary Judgment. On October 15, 2020, the Presiding Officers issued a Docket Entry denying Joint Movants' Motion for Summary Judgment. The Presiding Officers' found that "the Commission should have the benefit of a full evidentiary hearing upon the issues and are not persuaded Joint Movants (or Vectren) have shown there are no genuine issues as to any material fact and they are now entitled to the requested judgment as a matter of law."

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<sup>1</sup> Public Utility Regulatory Policies Act of 1978, Pub. L. 95-617, 92 Stat. 3117 (1978).

On October 23, 2020, the OUCC, IDG, Joint Intervenors and Solarize (“Joint Appellants”) filed a Joint Appeal to the Full Commission and Request for Oral Arguments (“Joint Appeal”). On October 28, 2020, Petitioner filed a Response in Opposition to the Joint Appeal to the Full Commission. On November 2, 2020, the Joint Appellants filed a Reply to Petitioner’s Response to the Joint Appeal. The Joint Appeal was taken under advisement.

On September 22, 2020, Joint Movants filed a Joint Motion to Continue Previously Scheduled Evidentiary Hearing on the Merits (“Motion to Continue”), which was scheduled for October 6, 2020. On September 28, 2020, Petitioner filed a Motion in Opposition to Joint Movants’ Motion to Continue. On September 30, 2020, Joint Movants filed a Reply to Petitioner’s Response to the Motion to Continue. On October 2, 2020, the Presiding Officers issued a Docket Entry granting Joint Movants’ Motion to Continue. On October 29, 2020, the Presiding Officers issued a Docket Entry rescheduling the evidentiary hearing to “November 17, 2020, continuing into November 18, 2020, if needed, to commence at 9:30 a.m. in Hearing Room 222.”

On October 7, 2020, Solarize and the Joint Intervenors filed a Joint Verified Motion for All-Remote Hearing. On October 13, 2020, Petitioner filed a Response to Solarize and Joint Intervenors’ Motion for an All-Remote Hearing, indicating it had no objection to the all-remote hearing. On October 15, 2020, Solarize and Joint Intervenors filed a Verified Reply to Petitioner’s Response to the Motion for All-Remote Hearing. On November 6, 2020, the Presiding Officers issued a Docket Entry granting the Motion for All-Remote Hearing.

On October 26, 2020, IDG filed a Motion for Alternative Dispute Resolution (“Motion for ADR”). On November 4, 2020, Petitioner filed a Response to IDG’s Motion for ADR, and IDG filed a Reply on November 6, 2020. On November 9, 2020, the Presiding Officers issued a Docket Entry denying IDG’s Motion for ADR.

On November 6, 2020, Petitioner filed a Notice of Substitution of Witness and Adoption of Testimony in which Petitioner’s Witness Matthew A. Rice adopted the prefiled direct and rebuttal testimony of Petitioner’s Witness J. Cas Swiz.

The Commission noticed this matter for a public evidentiary hearing at 9:30 a.m. on November 17, 2020 continuing into November 18, 2020, if needed, in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. However, pursuant to the Docket Entry granting the Motion for All-Remote Hearing issued on November 6, 2020, the Presiding Officers advised that in accordance with Indiana Governor Holcomb’s Executive Orders related to the COVID-19 pandemic, the hearing would be conducted via teleconference and providing related participation information. On November 17, 2020, Petitioner, the OUCC, CAC, ELPC, Vote Solar, SUN, Solarize, IDG, and Performance Services participated, by counsel, in the hearing via teleconference. At the hearing, Petitioner, the OUCC, Solarize, the Joint Intervenors, and IDG offered their respective evidence, which was admitted into the record without objection.

Based upon the applicable law and the evidence presented, the Commission finds:

**1. Notice and Jurisdiction.** Due, legal, and timely notice of the evidentiary hearing in this Cause was given and published by the Commission as required by law. Petitioner is a “public utility” within the meaning of Ind. Code § 8-1-2-1 and an “electricity supplier” within the

meaning of Ind. Code § 8-1-40-4(a). Vectren South is subject to the jurisdiction of this Commission in the manner and to the extent provided by Indiana law. Indiana Code § 8-1-40-16 requires an electricity supplier to file with the Commission a petition requesting a rate for the procurement of excess distributed generation (“EDG”) by the electricity supplier. Accordingly, the Commission has jurisdiction over Petitioner and the subject matter of this Cause.

**2. Petitioner’s Organization and Business.** Petitioner is an operating public utility incorporated under the laws of the State of Indiana and has its principal office at One Vectren Square, Evansville, Indiana. Petitioner is engaged in the business of rendering electric utility service within the State of Indiana, and Petitioner owns, operates, manages, and controls, among other things, plant, property equipment, and facilities which are used and useful for the generation, transmission, distribution, production, storage, and furnishing of electric service to approximately 145,000 electric consumers in southwestern Indiana.

**3. Applicable Law.** Senate Enrolled Act 309 (“SEA 309”) enacted the Distributed Generation Statute (Ind. Code § 8-1-40 *et seq.*) and established a new statutory paradigm under which electricity suppliers (such as the Petitioner) will procure electricity supplied by customers with qualifying DG resources and offset the cost of the electricity supplied to such customers. Under the Distributed Generation Statute, “[n]ot later than March 1, 2021, an electricity supplier *shall* file with the commission a petition requesting a rate for the procurement of excess distributed generation by the electricity supplier.” Ind. Code § 8-1-40-16 (emphasis added). Section 10 of the Distributed Generation Statute further provides:

Before July 1, 2022, if an electricity supplier reasonably anticipates, at any point in a calendar year, that the aggregate amount of net metering facility nameplate capacity under the electricity supplier’s net metering tariff will equal at least one and one-half percent (1.5%) of the most recent summer peak load of the electricity supplier, *the electricity supplier shall, in accordance with section 16 [of the Distributed Generation Statute], petition the commission for approval of a rate for the procurement of excess distributed generation.*

Ind. Code § 8-1-40-10 (emphasis added).

Petitioner’s net metering tariff must remain available until the earlier of the following: “January 1 of the first calendar year after the calendar year in which the aggregate amount of net metering facility nameplate capacity under the electricity supplier’s net metering tariff equals at least one and one-half percent (1.5%) of the most recent summer peak load of the electricity supplier [or] (2) July 1, 2022.” *Id.*

Once a petition is filed, Ind. Code § 8-1-40-17 provides:

The commission shall review [it] and, after notice and a public hearing, shall approve a rate to be credited to participating customers by the electricity supplier for excess distributed generation if the commission finds that the rate requested by the electricity supplier was accurately calculated and equals the product of: (1) the



average marginal price of electricity<sup>2</sup> paid by the electricity supplier during the most recent calendar year; multiplied by (2) one and twenty-five hundredths (1.25).

Following approval of the initial rate, the electricity supplier, must “submit on an annual basis, not later than March 1 of each year, an updated rate for EDG in accordance with the methodology set forth in [S]ection 17 of this chapter.” Ind. Code § 8-1-40-16. Indiana Code § 8-1-40-18 requires the electricity supplier to compensate the DG customer in the form of credit on the customer’s monthly bill with any excess credit being carried forward and applied against future charges to the customer for as long as the customer receives electric service from the electricity supplier at the premises.

Indiana Code § 8-1-40-15 provides that any amounts credited to a customer “shall be recognized in the electricity supplier’s fuel adjustment proceedings under IC 8-1-2-42.”

**4. Relief Requested.** Pursuant to Ind. Code §§ 8-1-40-10 and 16, Petitioner requested in its Petition approval of a rate for the procurement of EDG in accordance with Ind. Code § 8-1-40-17, to be effective January 1, 2021, or as soon thereafter as practicable, and to remain in effect until replaced in a subsequent filing. Petitioner submitted the proposed form of Rider EDG as part of its evidence in this proceeding. Pursuant to Ind. Code § 8-1-40-18, proposed Rider EDG would compensate customers in the form of credit on the customer’s monthly bill and carry forward and apply any excess credit against future charges to the Rider EDG customer for as long as such customer receives service from the electricity supplier at the premises. Petitioner proposed to determine EDG based on instantaneous measures of electricity supplied to Petitioner by the customer and electricity supplied to customer by the Petitioner. Petitioner also requested authority to update Rider EDG annually, by March 1, via a compliance filing, in addition to all other appropriate relief.

**5. Petitioner’s Case-in-Chief.**

**A. Justin M. Joiner.** Petitioner’s Witness Joiner, Director, Power Supply Services provided testimony and supporting documentation related to the calculation of Rider EDG. Mr. Joiner stated that the EDG rate per Ind. Code § 8-11-40-17 is the product of (1) the average marginal price of electricity paid by the electricity supplier during the most recent calendar year; multiplied by (2) one and twenty-five hundredths (1.25). Mr. Joiner explained that to determine the “average marginal price of electricity paid by the electricity supplier [Vectren South] during the most recent calendar year [2019],” the Company averaged the 2019 hourly Locational Marginal Price (“LMP”) at Vectren South’s SIGE.SIGW load node. Mr. Joiner explained the use of the SIGE.SIGW load node was appropriate because it is the node at which the Company is charged for energy. Mr. Joiner then explained how the 2019 average LMP at the SIGE.SIGW load node (which totaled \$25.47 per megawatt-hour (“MWh”)) was multiplied by 1.25, and then converted to a per kilowatt-hour (“kWh”) basis by dividing the value by 1,000 to equal the Company’s proposed EDG Rate of \$0.03183 per kWh. Mr. Joiner concluded by describing the factors that could drive changes to the average LMP rate on an annual basis, including fuel (or

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<sup>2</sup> Section 6, of the Distributed Generation Statute, defines “marginal price of electricity” as “the hourly market price for electricity as determined by a regional transmission organization of which the electricity supplier serving a customer is a member.” Ind. Code § 8-1-40-6.

natural gas) prices, peak loads that drive usage and overall demand, system congestion, network upgrades, outage timing, and market-to-market coordination efforts that mitigate congestion.

**B. Mathew A. Rice.** Petitioner’s Witness Rice, Director, Indiana Electric Regulatory and Rates, explained how current customer participation necessitates the creation of Rider EDG and how the requirements of the Distributed Generation Statute dictate the timing and pricing structure of Rider EDG. Specifically, Mr. Rice explained that the Company’s filing addresses both the statutory requirements of Sections 10 and 16 of the Distributed Generation Statute, in particular, the requirement for a company to petition the Commission for approval of a rate for procurement of EDG, if the Company reasonably anticipates the aggregate available net metering capacity will be exhausted prior to July 1, 2022; and the requirement that, absent reaching the aforementioned threshold, the Company shall file, no later than March 1, 2021. Mr. Rice explained that since Vectren South has neither received any Biomass resource applications, nor expects to receive any Biomass resource applications in the near future, the Company has elected to make available the 2,372,400 kW currently reserved for Biomass for use by other customers. Mr. Rice testified that the Company, at the time of filing, reasonably anticipated that the aggregate reserved capacity would be exhausted during 2020 based on the magnitude of existing, and expected, applications for residential and non-reserved categories, which, at time of filing, exceeded the available capacity for those two customer categories. Mr. Rice added that while Vectren South had expanded capacity availability for other customers through access to the Biomass reserved capacity, it is highly likely that such added capacity would also be exhausted in 2020.

Mr. Rice explained how Vectren South will transition from its net metering tariff (“Rider NM”) to the Rider EDG rate, including how it will prioritize and grandfather current pending DG applications and how Rider EDG will apply to future DG applications. Mr. Rice explained that the statutory requirement for the Company to continue to allow eligible customers to use Rider NM until the earlier of January 1 of the first calendar year after the calendar year in which the overall capacity threshold of 1.5% of summer peak is met, or July 1, 2022, pursuant to Section 10 of the Distributed Generation Statute (Ind. Code § 8-1-40-10).

Mr. Rice then testified how the Distributed Generation Statute defines EDG and how the Company would determine EDG. Specifically, Mr. Rice explained the Company would use its Advanced Metering Infrastructure (“AMI”) metering equipment to instantaneously measure the flow of energy. Mr. Rice explained “Inflow” is defined as the electricity supplied by Vectren South to the customer, and “Outflow” as the electricity supplied by the customer to Vectren South. Mr. Rice testified that because the meter can only register the instantaneous measurement of electricity in either direction, each unit of power can only be either Inflow and Outflow (or net zero in the case of perfect matching of generation to consumption). Mr. Rice explained that the total Inflow amount for the billing period will be priced at the applicable tariff rate for the customer whereas total Outflow amount for the billing period will be priced at the Rider EDG credit rate. Mr. Rice then testified that the total Inflow and total Outflow charges and credits will be netted together to create a net monthly bill for the customer.

With respect to offsetting load, Mr. Rice testified that the Company’s instantaneous measurement of Inflow and Outflow allows a customer to use the energy produced by its DG resource to offset its load, provided the production of electricity by the DG resource synchronizes

with the customer's electricity usage. Mr. Rice testified that in instances where production occurs with no usage or when production exceeds usage, generating an Outflow measurement on the meter, the DG resource is providing electricity to the utility (and the grid). Mr. Rice explained that in instances when the usage occurs with no production or when usage exceeds production, generating an Inflow measurement on the meter, the utility is providing the electricity to the customer from the grid.

Mr. Rice then described the Company's proposal to update the price in Rider EDG by filing a compliance tariff annually under the subject docket. Mr. Rice testified that customers will receive the EDG Billing Credit up to the point where the total net bill reaches the Minimum Monthly Charge as defined in the customer's applicable Rate Schedule. Mr. Rice then testified that the Company will recover the EDG Billing Credits in rates as fuel costs, specifically purchased power costs, in the Company's monthly Fuel Adjustment Clause ("FAC") in accordance with Ind. Code § 8-1-40-15. Mr. Rice then testified that the unused EDG Billing Credit from any month would be maintained by the customer in future periods, as long as the customer continues service with the Company.

Mr. Rice also testified that under Rider EDG the customer is still able to offset load unlike under a "Buy-All/Sell-All" arrangement. Mr. Rice's Table MAR-3 showed examples of customer billing under Rider NM, Rider EDG and "Buy-All/Sell-All" for illustrative purposes.

## **6. OUCC's and Intervenors' Direct Testimony.**

**A. OUCC's Direct Testimony.** OUCC Witness Anthony Alvarez, Senior Utility Analyst, testified that Vectren South failed to define the term "excess distributed generation" as it is defined in Ind. Code § 8-1-40-5 in its proposed Rider EDG tariff thus rendering its proposed tariff incomplete, incorrect, and unacceptable for approval. Mr. Alvarez stated that Vectren South's claim that the "total outflow amount" is the EDG is contrary to the definition of "excess distributed generation" set forth in Ind. Code § 8-1-40-5. Mr. Alvarez testified that to properly record the EDG of a DG customer, the utility must measure the kWh supplied to the DG customer and measure the kWh the DG customer supplies back the utility. Mr. Alvarez testified that the utility must then determine the difference of these two amounts, as stated in Ind. Code § 8-1-40-5, and apply the EDG rate to that kWh difference, as required by Ind. Code § 8-1-40-5. Mr. Alvarez testified that Vectren South's application of the term does not conform with the definition of "excess distributed generation" in Ind. Code § 8-1-40-5 because it only recognizes one of the two components used to determine EDG kWh.

Mr. Alvarez testified that he is concerned with what the EDG rate is applied to (based on incorrect definition of EDG) and the sequence in which the rate is applied. Mr. Alvarez stated that Ind. Code § 8-1-40 is specific in requiring the utility to first take the difference between the kWh supplied to the DG customer and the kWh supplied by the DG customer to determine the EDG and then use the resulting kWh for billing purposes, to which the rate is applied. Mr. Alvarez testified that Vectren South incorrectly takes the difference at the dollar level (as opposed at the kWh level as required by the Distributed Generation Statute). Mr. Alvarez testified that Vectren South's proposal negatively affects customers because by pricing all of the Outflow at the lower EDG rate, Vectren South fails to offset some of the Inflow, priced at the higher retail rate.

Mr. Alvarez disagreed, from a technical perspective, with how Mr. Rice characterizes Outflow because it is not “the electricity that is supplied to customer that produces distributed generation” as prescribed by Ind. Code § 8-1-40-5(1). Mr. Alvarez testified that Vectren South cannot declare that the power Outflow measured and recorded by the AMI meter represents EDG. Mr. Alvarez concluded that Vectren South’s proposal does not conform the statutory requirements for determining EDG and recommended the Commission deny Vectren South’s request for approval of its proposed Rider EDG tariff.

**B. Joint Intervenor’s Direct Testimony.**

1. Douglas B. Jester, Joint Intervenor’s Witness Jester, Partner, Lakes Energy LLC, testified that while the EDG rate is set by statute, the Commission should examine whether Vectren South’s proposed methodology for implementing the EDG rate is just, reasonable, and lawful. Specifically, Mr. Jester testified that the Commission should consider whether instantaneous flows are the correct basis to determine EDG and whether the standard retail tariff is the appropriate basis for charges for power delivered to customers with DG under the Commission’s cost of service practices.

Mr. Jester recommended that the Commission direct Vectren South to hereafter treat Outflow as negative load for purposes of the Midcontinent Independent System Operator’s (“MISO”) Resource Adequacy standards. Mr. Jester testified that since Outflow is transferred to Vectren South’s control, it can be aggregated and included in Vectren South’s resources for purposes of its resource adequacy demonstration to MISO. Mr. Jester recommended that in the event that the Commission does not find that Outflow should be treated as negative load for purposes of Resource Adequacy demonstrations, the Commission should direct Vectren South to aggregate Outflows from its customers, obtain Zonal Resource Credits for those resources, and use those Zonal Resource Credits in Vectren South’s Resource Adequacy demonstrations to MISO and to the Commission.

Mr. Jester also discussed how DG should affect primary distribution system cost allocation. Mr. Jester concluded that, based on Vectren South’s methodology for allocating primary distribution system costs, treating Outflow as negative demand will modestly diminish cost allocation based on a customer with behind-the-meter generation, which is an appropriate result given that such Outflow only partially reduces the use of the primary distribution system by the class to which the customer is assigned.

Mr. Jester described how DG should be considered in a cost of service study and concluded that the power supplied from DG and immediately consumed behind-the-meter will naturally and appropriately be excluded (through treatment as negative power flow) from all cost of service study allocator statistics. Mr. Jester testified that the rate design for EDG customers should result in a reasonable correspondence between the amount billed to such a customer and the customer’s contribution to cost of service. Mr. Jester stated that this can be accomplished by rejecting Vectren South’s proposal to use instantaneous Outflow as the measure of EDG and use some form of netting. Mr. Jester testified that netting Outflow and Inflow over some period of time has the direct effect of treating Outflow as a negative load in determining the customer’s bill. Therefore, the use of a netting period is consistent with both cost allocation principles and principles of good rate design. Mr. Jester testified that since the current rate design is not particularly cost-reflective,

monthly netting will more closely match customer bills to cost of service for customers having DG behind-the-meter.

Mr. Jester testified that the Commission could also adjust Inflow rates that would offset some of the disparity between the credits for EDG and the appropriate effect of Outflows on cost of service allocations. Mr. Jester stated this could be accomplished by either offering optional time of use rates to all customers and allowing customers with behind-the-meter rates to choose such time of use rates or by modifying Inflow rates as well as Outflow rates in a DG rider or separate DG tariff.

Mr. Jester recommended that the Commission modify Rider EDG such that the calculation of EDG is based on monthly billing-period netting. Mr. Jester further recommend that the Commission direct Vectren South to provide a cost of service analysis for customers having DG behind-the-meter in its next rate case and base EDG rate design in that case on an accurate reflection of the cost of service for such customers. Mr. Jester concluded that properly accounting for those other benefits of DG would require that the Commission undertake a value of solar study.

Mr. Jester also described his understanding of Vectren South's PURPA obligations. Mr. Jester testified that the proposed Rider EDG will not provide PURPA-compliant rates for DG because compensation offered for Outflow under the proposed Rider EDG does not provide compensation based on avoided costs as specified by 18 C.F.R. § 292.304.

2. William D. Kenworthy. Joint Intervenors' Witness Kenworthy, Regulatory Director, Midwest, Vote Solar, testified that he has been advised by counsel that the Distributed Generation Statute does not require the Company to propose an instantaneous billing methodology, but that the concept of some netting period is implied by the use word "difference," and that the netting period not specified in the statute. Mr. Kenworthy testified that, to the extent an EDG tariff must be adopted by the Company, there are different billing methodologies that align more closely with sound rate design principles than the one proposed by the Company and thus should be adopted to produce a just and reasonable result.

Mr. Kenworthy compared five different bill calculation methodologies: Full retail net metering; Buy all/sell all; Dual-channel Billing; Hourly Net Billing; and Monthly Net Billing. Mr. Kenworthy described the calculation of volumetric billing determinants for Net Metering. Mr. Kenworthy testified that this method is understandable for customers, predictable, and aligns well with the principles of sound rate design. Mr. Kenworthy testified that, in light of the alternative methodologies available, it is incumbent on the Company to propose one that will: be consistent with the underlying statute; produce a just and reasonable outcome for its customers; be consistent with the principles of sound rate design; and align with the measurements of cost causation in the setting of rates for all customers.

Mr. Kenworthy testified that Vectren South's proposal is based on an unreasonable expectation that the customer is able to manage their load on a moment by moment basis. Mr. Kenworthy concluded that Vectren South's proposal also creates a barrier to accurately estimating the economic value of a projected DG system which is bad for consumers and bad for the market.

Mr. Kenworthy testified that the granularity of the netting period has a significant impact on the average customer's expected savings from their DG system. Mr. Kenworthy testified that over the course of a year, an average full net metering customer in his data set would pay \$776.74 for the volumetric portion of their electricity bill, and that, using the same raw meter data, the average DG customer would pay \$1,616.86 for the volumetric portion of their bill using the Company's proposed billing methodology – more than double the cost that would be charged under net metering.

Mr. Kenworthy described how he estimated the impact that these alternative billing methodologies would have on prospective DG customer payback periods for their DG investments. Mr. Kenworthy concluded that a typical customer sizing a solar array to meet their annual energy usage would pay nearly \$1,000 per year more on their electricity bill using the Company's proposed EDG billing methodology than if that same customer were receiving service under net metering. Mr. Kenworthy testified that, over the life of the system, simple payback of the customer's investment in a DG system would go from 10.7 years to 25.2 years based on the switch from net metering to the Company's Rider EDG proposal.

Mr. Kenworthy also expressed his concerns about the site access and control requirements in the proposed Rider EDG stating the requirements are overly broad and is not justified for small systems, because such systems already automatically disconnect from the grid in the event of loss of grid power. Mr. Kenworthy recommended that the Commission require the Company to replace Section 2 of the proposed "Terms and Conditions of Service" with language similar to that recommended by the Interstate Renewable Energy Council ("IREC") Model Procedures. Mr. Kenworthy also recommended the Company clarify in Rider EDG that disconnect switches for Level 1 systems are not required. To the extent Petitioner does require disconnect switches for Levels 2 and 3 systems, Mr. Kenworthy recommended the Company adopt the Model Procedures' recommended approach of reimbursing customers for the cost of the switch.

Mr. Kenworthy testified that the Company does not propose to allow the full amount of excess monetary EDG credits to be carried forward and that the Company's proposed practice to confiscate any remaining credits when the customer discontinues service would deprive departing customers of earned EDG credits without any clear justification. Mr. Kenworthy recommended that earned EDG credits be refundable to customers upon termination of service.

Mr. Kenworthy testified that rate simplicity and stability are two of the founding principles of electricity regulation that enable customers to make informed long-term investments that spur economic growth and he described principles enumerated by Professor James Bonbright in *Principles of Public Utility Rate Design*. Mr. Kenworthy testified that using an LMP-based compensation rate is not consistent with Bonbright's principles because LMP is a wholesale market rate and wholesale energy markets are notoriously volatile and unpredictable.

Mr. Kenworthy testified that, to his knowledge, the Company has not conducted a study of the cost to serve DG customers and recommended that the Commission initiate a process to calculate the value of distributed energy resources to the grid. Mr. Kenworthy testified that the state of Minnesota has been engaged in a multi-year, rigorous process to set a full and fair annual Value of Solar in the Xcel Energy service territory and that there are other methodologies currently

in development in New York and California, along with work in Illinois, to determine value for the delivery portion of customers' bills to replace the value of net metering.

**C. IDG's Direct Testimony.**

1. Kurt Schneider. IDG Witness Schneider, Founding Partner, Johnson Melloh Solutions ("JMS"), described JMS's operations including operations in Vectren South's service area and in Indiana as a whole. Mr. Schneider testified regarding the economic benefits and stimulus that the JMS solar installation and maintenance business brings to Vectren South's service area and to Indiana. Mr. Schneider testified that Vectren South's EDG tariff, as proposed, would be very bad for JMS's business and prospective customers and would completely undermine the future of JMS's Indiana solar business. Mr. Schneider further testified the lower the credit customers receive from solar installation, the less likely they are to do business with Indiana solar installers and that EDG as proposed would cut JMS's business because tenable financial paybacks would cease to exist in the Vectren South service area. Mr. Schneider testified that Vectren South's proposal to cut the net metering rate (from 14.3 cents for residential and 9.3 cents per kWh commercial to about 3.1 cents) and further reduce EDG credits (by an instantaneous netting methodology) will drastically reduce or dry up JMS's Indiana solar business in the Vectren South service area. Mr. Schneider testified that Vectren South's proposal would more than triple the customer payback from 7-10 years to about 25 years.

2. Brad Morton. IDG Witness Morton, President and Owner, Morton Solar, testified that Vectren South's estimated value of EDG solar is much too low, unreasonably lengthening the Vectren South customer "pay back" period for the cost of a new solar energy system. Mr. Morton stated this will deter customers from installing solar energy systems on their homes and businesses. Mr. Morton explained the most common critical considerations for current and prospective solar installation customers is system cost and the period over which the solar equipment and installation will be recovered (i.e., recovery of investment). Mr. Morton then explained that large business prospective solar customers are typically looking for a 5-6-year payback period, and most residential customers want a 7-10-year payback period.

Mr. Morton stated the cumulative impact of Vectren South's EDG and instantaneous netting proposals along with elimination of the Federal tax credit would result in a payback period of more than 25 years. Mr. Morton testified that the resulting lengthening of customer investment payback period would make customers extremely reluctant or unwilling to make the investment in solar which will be devastating to Indiana's fledgling solar industry and result in job losses and probable market contraction.

Mr. Morton described the economic contributions that Morton Solar makes to Vectren South's service area and Indiana as a whole. Mr. Morton explained that severely restricting the value of customers' monthly solar generation offsets leads Vectren South into monopolizing solar energy generation in its service area. Mr. Morton also testified that EDG offers no value for DG's environmental benefits or operational benefits like reduced line losses and peak shaving. Mr. Morton concluded by testifying that the Commission should deny Vectren South's EDG proposal, including both its proposed rate and the instantaneous netting methodology; or absent flat out denial, the Commission should deny and order Vectren South to collaborate with stakeholders to better formulate its proposal, and refile at a later date.

3. Edward Rutter, IDG Witness Rutter, Manager, LWG CPAs and Advisors (“LWG”), explained the importance and benefit of viewing Vectren South’s EDG rate proposal from the context of just and reasonable rates (i.e., utility monopoly price regulation). Mr. Rutter listed the direct and indirect benefits DG resources provide to the grid and testified that the EDG rate proposed by Vectren South does not recognize these benefits because Vectren South explicitly stated it did not rely at all on the cost of service study filed with its last base rate case. Mr. Rutter explained that Vectren South set its proposed EDG rate at 1.25 times the LMP at Vectren South’s SIGE.SIGW load node and that this rate does not in any way attempt to consider the direct and indirect benefits the DG resources contribute to the grid.

Mr. Rutter then testified that the Standard Practice Manual developed by the California Public Utilities Commission can be used to capture both the direct and indirect benefits attributable to DG customers’ contribution to the distribution grid. Mr. Rutter stated the EDG rate is so tilted against DG customers that the combined effect of the proposed 3.1 cents per kWh and instantaneous netting would not allow a retail customer to recover their solar installation cost for 25 or more years which is at or after the projected 25-year life of the solar equipment. Mr. Rutter testified that Vectren South’s EDG rate is grossly undervalued and will result in stifling residential and commercial solar DG investment and growth to the detriment of Vectren South and all its customers.

Mr. Rutter testified that Vectren South’s EDG rate is priced below its own 2019/2020 Integrated Resource Plan (“IRP”) avoided costs and system marginal costs included in its IRP. Mr. Rutter further testified that Vectren South’s instantaneous netting and EDG calculation does not conform to Ind. Code § 8-1-40. Mr. Rutter testified Vectren South has chosen the netting mechanism that gives DG customers the very least compensation and would stifle future customer owned solar DG. Mr. Rutter further testified that monthly netting has been the norm under current net metering practice and should remain the norm and be applied in Vectren South’s EDG proposal.

Mr. Rutter described middle ground yardstick options to developing a just and reasonable EDG rate. Mr. Rutter testified that one rate consideration is pricing the compensation to DG customers at the avoided cost of kWh sold for a specific retail rate class. Mr. Rutter explained that the second methodology is to determine the true cost and benefits attributable to the DG including: the direct benefits, societal benefits, and other indirect costs. Mr. Rutter testified that a starting point would be consideration of any of the carbon costs either estimated on a national level or modeled by Vectren South in developing the IRP. Mr. Rutter testified that both alternatives meet the criteria for just and reasonable energy Outflow rate compensation.

Mr. Rutter compared Vectren South’s approximate 2019 DG banked credits (\$53,369 net credit value; \$170,506 gross banked credit value) against the economic stimulus DG solar installers provide to the Vectren South Service territory (\$6.453M per Mr. Schneider + \$2.5M per Mr. Morton = \$9M). Mr. Rutter testified that the 2019 Vectren South net (and even gross total) DG credit costs are very small compared to the total stimulus from just the two solar installers. Mr. Rutter testified that he believes this small cost, which eventually is borne by all Vectren South customers, is well worth the direct economic stimulus benefits and broad social benefits.



Mr. Rutter testified that IDG asked Vectren South for the EDG rate impact on some actual current Vectren South customers. Mr. Rutter then described the electric bills for five Vectren South net metering customers under the proposed EDG tariff. Based on the data, Mr. Rutter testified that his main conclusion was that EDG and instantaneous netting represent a rate cost increase so great as to further bolster his belief that EDG proposal is unjust, unreasonable, and should not be approved.

**D. Solarize's Direct Testimony.**

1. Darrell Boggess, Solarize Witness Boggess, Volunteer Educator and Manager of Solar Contractor Selection Process, Solarize, testified that the Vectren South proposed EDG tariff, if it were to be approved, would reduce the rate of adoption of distributed solar energy in Vectren South's electric service territory, thereby adversely affecting the future health and well-being of friends and family who live in the southwest Indiana region. Mr. Boggess testified that the proposed EDG tariff is similar to the unregulated rural electric membership cooperative ("REMC") net billing and will thus have the effect of reducing the amount of privately funded distributed solar energy. Mr. Boggess further testified that it is likely that solar systems will be sized smaller to allow less energy to be sent to the grid and/or will not be procured at all due to Vectren South's proposed changes in solar energy compensation.

Mr. Boggess then described the adverse impacts Rider EDG will have on Solarize: (1) the new tariff will be a disincentive for future solar aspirants in that it reduces the financial feasibility of investments in solar energy; and (2) it will create confusion and uncertainty in decision analysis by prospective solar owners. Mr. Boggess testified that adverse financial effects from Vectren South's proposed EDG tariff will certainly reduce the numbers of prospective and actual solar customers. Mr. Boggess testified that financial decisions are unlikely to be approved when the expected gain is less than the cost, and the financial incentive for new solar customers will be less after the July 2022 legislated end of net metering. Mr. Boggess then testified that Vectren South's proposed EDG tariff will exacerbate this problem by lowering the expected gains even further.

Mr. Boggess testified that the proposed EDG tariff as it currently stands will seriously harm adoption of distributed solar in Vectren South's service territory, and the Commission should also recognize that Vectren South does not have a tariff compliant with the PURPA. Mr. Boggess stated that a PURPA-compliant tariff option would be an effective sequel to net metering, promoting greater use of renewable energy by providing an acceptable rate of return for private investment in solar systems comparable to that realized for investments by public utility companies.

2. Barry Kastner, Solarize Witness Kastner, Board Member, Case Team Member for Cause No. 45378 and Treasurer, Solarize, prepared and submitted a pair of financial models. The first model uses Vectren South's proposed methodology for calculating the credit for EDG while the second model uses other netting intervals. Mr. Kastner testified that Vectren South's proposed EDG Tariff fails to compensate solar customers fairly and reasonably because it extends the simple payback period for customers to recover their investment by many years and the forecasted financial return for solar customers under the EDG Tariff would not meet even very low investment hurdles which would dissuade many prospects from going solar. Mr. Kastner further testified that Vectren South's proposed methodology is not compliant with the clear instructions given in SEA 309 for calculating the compensation to solar customers for EDG.

Mr. Kastner explained that if Vectren South's method for calculating the EDG were compliant with SEA 309 instructions, then the compensation would be somewhat more reasonable.

Mr. Kastner explained that: (1) over 25 years, the Net Metering household makes a modest return on its solar investment but has to wait 12 years before it starts turning positive; (2) using a monthly netting period to determine the EDG credit, the solar household would fare a little worse and have to wait 13 years to go positive; and (3) under the Vectren South EDG proposal, the solar investment would fall far short of modest investment returns and would not turn positive until nearly the end of the 25 year planning horizon — and this is under the best of planning assumptions.

Mr. Kastner stated Solarize gets very few REMC customers to go solar because they have faced low “Net Billing” rates similar to the proposed EDG Tariff. Mr. Kastner testified for those who might still go solar despite poor financial measures, the EDG Tariff would drive some of them to invest in only smaller systems that do not send much clean energy to the grid. Mr. Kastner stated Vectren South can rehabilitate this “netting” defect by first taking the difference in kWhs between Inflow and Outflow before applying Rider EDG.

3. Jay Pickering. Solarize Witness Pickering, Volunteer, Solarize, encouraged the Commission to reject or modify the request by Vectren South for its proposed EDG tariff and stated approval of this request as filed will seriously damage Solarize and the work it does in the Vectren South service territory to facilitate residential solar for home and business owners. Mr. Pickering testified that the recent filing by Vectren South for its proposed EDG tariff will practically destroy the residential solar market in its service territory. Mr. Pickering testified that while SEA 309 phased out Net Metering, it deferred the phase-out to 2032 for installations occurring before a utility reaches its 1.5% cap or June 30, 2022, whichever comes sooner; so, Net Metering is still available under SEA 309 to those Vectren South customers installing solar systems before the end of 2020.

Mr. Pickering explained that in his opinion the current net metering framework has allowed a reasonable return on investment (“ROI”) to be achieved by residential homeowners installing solar; however, the proposed EDG tariff utilizing such a low compensation rate and smart meters for netting excess generation will reduce that ROI. Mr. Pickering stated that Vectren South’s proposed tariff is also causing confusion, concern, and difficulty in estimating potential savings and ROI because the Company cannot provide comparative data for actual customers individually, or for even a hypothetical “typical” customer for illustration purposes.

Mr. Pickering testified that unless Vectren South’s proposal is changed, Solarize will see little interest in the residential solar market in the Evansville area with the EDG tariff. Mr. Pickering expects other utilities in the state to meet the 1.5% peak load minimum standard set by SEA 309 for Net Metering and also will file EDG-style tariffs in 2021. Mr. Pickering explained that if those tariffs are based on the Vectren South model, the advantages of residential solar for homeowners will disappear in Indiana.

4. Jean Webb. Solarize Witness Webb, Evansville Team Leader Volunteer, Solarize, opposed Vectren South’s proposed EDG tariff because such approval would seriously harm Solarize and the work it does in Vectren South’s service territory. Ms. Webb

explained that people need to calculate a ROI to purchase a solar system. Ms. Webb further explained that the challenge of demonstrating this in 2021 will come from: (1) in 2017, the federal tax credit for solar systems was 30% but will drop to 22% in 2021; (2) the proposed EDG tariff will credit solar energy kWh flowing from the system to the grid at a much lower rate; and (3) the proposed EDG tariff changes the definition of EDG from the difference between electricity produced and electricity consumed during the same monthly billing period, to Vectren South's proposed instantaneous tracking, which greatly increases the complexity of the billing and favors the utility over the solar owner by classifying a lot more of the electricity produced as "excess" than as "offsetting" consumption. Ms. Webb testified that the prices of solar systems have simply not dropped enough, nor are they expected to drop enough, to compensate for the past reductions in and future loss of a favorable tax credit combined with the replacement of a favorable net-metering tariff with an unfavorable EDG tariff.

Ms. Webb recommended the Commission order additional DG tariffs that fairly compensate customer-owned solar based on the value of solar studies. Based on advice of counsel, Ms. Webb testified that she believes that this could and should be done, notwithstanding SEA 309, under PURPA.

5. Michael Mullett. Solarize Witness Mullett, Volunteer, also opposed Vectren South's proposed EDG tariff and rate. Mr. Mullett explained that Solarize is concerned that the proposed EDG rate of 3.1 cents per kwh is arbitrary and confiscatory and thus not "just and reasonable." Mr. Mullett testified that the EDG rate is arbitrary because it is not based on any detailed cost or value of service study or data specific to Vectren South, and the EDG service and the author of SEA 309 expressly stated and restated during the General Assembly's legislative process that the EDG rate was "arbitrary." Mr. Mullett further testified the rate is confiscatory because it does not compensate customer-generators fairly and reasonably based on the cost of the Vectren South service to the participating customers or the value of the participating customers' service to Vectren South. Mr. Mullett then testified, based on advice of counsel, that the applicable provision of SEA 309 defining the EDG rate and the method of its calculation as applied by Vectren South in its EDG proposal is likely "unjust and unreasonable" as a matter of law and thus violative of both the Indiana and the United States Constitutions.

Mr. Mullett stated that Solarize is also concerned about the use of instantaneous netting of gross Inflows and Outflows in calculating bills for distributed solar customers. Mr. Mullett explained that this would violate the applicable provisions of SEA 309 because the legislative intent was to change the rate of compensation but not the method of calculation of "excess distributed generation" which had been followed under Net Metering. Mr. Mullett testified that Vectren South has simply not demonstrated any cost-of-service basis for the instantaneous netting (rather than billing period netting) being proposed to define and calculate "excess distributed generation." Mr. Mullett explained that instantaneous netting will materially lengthen the payback period and lower the internal rate of return for participating customers' capital investments in distributed solar installations.

Mr. Mullett testified that Solarize also is concerned with the incomplete, undisclosed, untested, and unreviewed programming required for the retrieval of critical data from the Company's "smart" digital meters for purposes of recording, reporting, and billing customers' generation and consumption subject to the EDG tariff and rate. Mr. Mullett explained the Company

seems to be proceeding on the (mistaken) assumption that there is no need for it to present to the parties and the Commission, in this case and in some detail, its plans for the “updated” programming required for retrieval and processing of data from its “smart” meters for purposes of recording, reporting, and billing customers’ generation and consumption subject to the EDG tariff and rate.

Mr. Mullett testified that Solarize is also concerned with the specific terms of the EDG tariff and, in particular, Solarize has concerns about the indemnification and insurance provisions, as well as the Company access provision, of the EDG tariff. Mr. Mullett stated that Solarize is concerned with the potential liability of solar vendors under Ind. Code § 8-1-40-23 (related to “Customers' Rights regarding Distributed Generation Equipment”). Mr. Mullett noted that, on its face, SEA 309 authorizes Commission approval of the recovery of EDG credits paid by the utility to EDG customers as purchased power expenses to be recovered through the utility’s FAC (Ind. Code § 8-1-40-19). Mr. Mullett explained that Solarize is concerned that, with respect to DG customers, this would constitute an impermissible “double recovery” of an “energy delivery charge.”

Mr. Mullett testified that Solarize also is concerned that Vectren South’s EDG tariff and rate proposal as a whole are premised on an assertion of exclusive jurisdiction for the State of Indiana over certain matters which are inherently subject to shared federal and state jurisdiction and thus subject to PURPA, the Federal Power Act, or both. Mr. Mullett also testified Solarize is concerned about Vectren South’s failure to offer a PURPA-compliant tariff.

## **7. Intervenors’ Supplemental Testimony.**

**A. IDG’s Supplemental Testimony.** IDG’s Witness Edward Rutter provided supplemental testimony based on his review of Vectren South’s most recent cost of service study (“COSS”). Mr. Rutter testified that his review of the COSS enabled him to develop an additional “middle ground” consideration in measuring an overall just and reasonable rate result based on the theory of allocating cost to DG customers for their excess energy use of the distribution system. Based on the COSS, Mr. Rutter testified that he estimated a distribution cost offset or contribution for DG customer’s excess generation’s use of the grid. Mr. Rutter testified that the EDG overall comparative rate utilizing the COSS would be Vectren South’s average retail rate of \$0.15675 less the estimated allocation of \$0.02772 for use of the distribution grid, resulting in an EDG Rate of \$0.12903 per kWh. Mr. Rutter testified that a rate developed in this manner for all classes of DG customers would not have the prospect of stifling the growth of DG. Mr. Rutter concluded by testifying the additional middle ground option is an appropriate just and reasonable comparative consideration.

**B. Solarize’s Supplemental Testimony.** Solarize’s Witness Barry Kastner provided supplemental testimony to further discuss bill charges and credits due to the EDG Tariff using Inflow and Outflow kWh data provided by Vectren South for five existing solar customers. Mr. Kastner testified that the impact of the EDG tariff, when using Vectren South’s proposed method, results in a sharp rise in net charges to solar customers. Mr. Kastner explained that increased net charges would subtract deeply from the savings on solar projects, substantially extending a customer’s payback period and undermining a customer’s ROI in solar. Mr. Kastner concluded that of the five illustrative customers would be markedly impacted by the EDG tariff

proposed by Vectren South if and when their Net Metering goes away. Moreover, Mr. Kastner also concluded that new residential solar prospects at any level of solar investment would be deterred by the substantially increased payback periods and diminished returns on investment resulting from Vectren South's proposed EDG tariff.

## **8. Petitioner's Rebuttal Evidence.**

**A. Mathew A. Rice.** Petitioner's Witness Rice testified that the Intervenor acknowledges presenting similar arguments for continuation of net metering to the General Assembly, which enacted SEA 309 to set an end to traditional net metering and replace it with a mechanism that credits owners of DG at a rate more closely aligned to what the market would dictate electric utilities pay for electricity. Mr. Rice provided examples of Intervenor arguments intended to perpetuate the net metering subsidy inconsistent with Ind. Code § 8-1-40, including the proposal to use a monthly netting interval and proposals to use a different Rider EDG rate (based on the value of DG). Mr. Rice noted monthly netting would allow DG customers to pay virtually nothing in some months despite having used the utility's system to meet their electricity needs.

Mr. Rice then testified that Vectren South's definition of the term "excess distributed generation" is consistent with Ind. Code § 8-1-40-5. Mr. Rice stated that Mr. Alvarez misunderstands how Vectren South determines EDG as defined in the statute and explained that both components of "excess distributed generation" as set forth in Ind. Code § 8-1-40-5 are recorded and netted as "Outflow" on the meter to determine EDG, not just a single component like Mr. Alvarez mistakenly asserts. Mr. Rice stated that the meter records, as "Inflow," the requirements from the customer not satisfied by the DG resource.

Mr. Rice explained that Mr. Alvarez's proposal would result in a "Buy-All / Sell-All" situation wherein all electricity produced by the customer would flow back through a meter to the utility, resulting in the utility buying all of the customer's energy and selling the customer all of its needed energy through a separate meter – an arrangement which the General Assembly rejected in enacting SEA 309. Mr. Rice further stated that Mr. Alvarez's interpretation of the statute requires the utility to make the power in excess of what the customer needed at that time available to the customer at a future point by netting it against the Inflow for the month. Mr. Rice stated that this essentially results in the utility acting as a battery for the customer, which is inconsistent with Ind. Code § 8-1-40 given it would essentially continue net metering as it exists today. Mr. Rice then testified that the Company's proposed EDG Rate is applied to the correct EDG amount, reiterating the "difference" between the two components of "excess distributed generation" set forth in Ind. Code § 8-1-40-5 is captured in the Outflow measurement, recorded by the Outflow channel on the meter for the billing period.

Mr. Rice then described why the use of instantaneous billing is consistent with Ind. Code § 8-1-40. Mr. Rice testified that had the General Assembly intended to continue with net metering guidelines, it would have included, or maintained, the explicit net metering "single read at the end of a customer's billing period" language found in 170 I.A.C. 4-4.2-7. Mr. Rice explained that the use of instantaneous netting results in rates better approximate the cost, and reality, of serving EDG customers because the Company's distribution and transmission system must not only meet peak requirements but also absorb any additional input into the system from DG resources without

creating failures for its other customers. Among other things, Mr. Rice explained that netting Outflow and Inflow over a month is inconsistent with cost allocation principles or principles of good rate design. Mr. Rice used five customer bill analyses to demonstrate that applying a monthly netting process to EDG, as proposed by the Intervenor, results in certain customers paying nothing for energy consumed over a twelve-month period. Mr. Rice testified that treating a DG customer's excess/unused energy as having been stored for future netting against their later needs (either during the same day or month, or in future months) unfairly compensates them at the expense of the Company's other customers who would be paying for electricity in excess of what the market would dictate.

Mr. Rice testified that instantaneous billing results in rates consistent with cost of service and more cost based than monthly netting. Mr. Rice explained that the demands placed on the system by DG customers are similar, if not greater, than those placed on the system by non-DG customers. Mr. Rice also stated that instantaneous billing, unlike monthly netting, results in rates consistent with principles of sound rate design, while monthly netting: (1) creates a false price signal for customers suggesting costs can be avoided without alignment of energy consumption and demand to energy production; and (2) does not fairly apportion cost of service among different customers given the cost shift and creation of an intra-class subsidy.

Mr. Rice explained that the Company would not be able to implement hourly netting at any point in the immediate future, absent significant investment. In response to Mr. Rutter's suggestion that the Company develop a rate that determines the cost and benefits attributable to DG, Mr. Rice explained that the Company has adhered to the Distributed Generation Statute, which specifies the rate to apply. Mr. Rice also testified that the Company's EDG Rider is transparent and easy for customers to understand, explaining how the Company is not changing the metering construct; is using the same data source for all customers (Net Metering and non-DG customers); and will be providing more granular information to EDG customers by splitting the bill data into two components: Inflow and Outflow.

Mr. Rice also responded to claims that Vectren South's proposal will extend the payback period for residential solar installations, explaining how net metering customers today are receiving an incentive – or subsidy – in excess of the value provided to the system and discussing how Rider EDG will send a more accurate price signal. Mr. Rice stated that Intervenor's recommended 7 to 10 year payback period is based on an incentive structure put in place to help advance DG investments at a time when DG investments did not present a reasonable financial investment for customers and relies upon an inaccurate price signal driven by the assumption that all costs can be avoided.

Mr. Rice also responded to claims by Mr. Mullett that use of the FAC to recover payments to EDG customers creates double recovery. Mr. Rice stated that there is no double recovery because costs eligible for recovery in the FAC are recovered based on energy consumed by customers. Mr. Rice further explained that because FAC charges are applied to the Inflow measurement of a customer's meter, the customer is paying the variable FAC based on energy the customer consumed, which is separate and distinct from the Rider EDG credits paid for EDG.

Mr. Rice also explained how EDG credits should not be refundable to customers upon termination of service. Mr. Rice noted that there could be tax implications created by shifting the

customer from a resale customer to a wholesale seller of power. Mr. Rice also noted the loss, to other customers, of the benefit of forfeited credits passing through the FAC if the Company were to pay out, or refund, the credits.

Mr. Rice also addressed the various cost of service assertions made by Intervenors, noting the focus of the proceeding is compliance with Ind. Code § 8-1-40 and time of use rates and discussion around design of rates for all customers, including DG customers, will be, and is best, addressed as part of a comprehensive base rate case.

**B. Justin M. Joiner.** Petitioner's Witness Joiner responded to Mr. Jester's testimony that "[a]ll of the power generated by DG reduces power plant operations or power purchases by the utility." Mr. Joiner testified that Outflows from DG, unless dispatchable, typically will not impact power plant operations of Vectren South because the Company commits most of its generation output into the MISO Day-Ahead ("DA") market. Mr. Joiner explained that the MISO DA market requires Vectren South to submit an expected generation output and load requirement 15.5 hours in advance of the following operating day. Mr. Joiner then explained that excess energy generated by small, intermittent DG resources, like rooftop solar, is not predictable enough to be factored into these expected generation output and load requirements and is therefore not going to reduce plant operations.

Mr. Joiner then stated it does not make economical or operational sense for Vectren South to scale back its power plant operations if a substantial amount of excess power is produced by a DG resource. Mr. Joiner stated that scaling plants back under such circumstances would increase wear and tear on the generating facilities and cause periods of reliance on the wholesale market while units ramp back up to replace the reduced Outflows from the DG facilities. Mr. Joiner also testified that scaling back likely will increase DA market commitment deviations and maintenance costs of Vectren South power plants.

Mr. Joiner testified that unless the DG resource is backed up by sufficient battery storage capability, EDG will not result in consistent reduced Vectren South power plant operations, fuel costs, or purchased energy costs. Mr. Joiner further explained that he would not describe EDG as "negative load" for purposes of fuel and purchased energy costs. Mr. Joiner explained that Vectren South must operate its power plants and system to meet its DA commitments, and the potential increase of Outflow onto the Vectren South system is likely to produce periods of transmission congestion that could adversely impact the Company's customers through reduced energy payments for OSS for plant operations, as well as increased costs for any needed energy imports.

Mr. Joiner stated that Outflow generated by EDG customers does not reduce Vectren South's requirements to meet certain MISO planning standards in any meaningful way. Additionally, Mr. Joiner explained that EDG customers cannot directly participate in the wholesale market without additional cost via aggregation enrollment or direct market involvement. Mr. Joiner explained that EDG owners typically realize Inflows instead of Outflows during the peak conditions on which capacity accreditation is based. Mr. Joiner testified that unless the Outflow can be relied upon consistently or upon instruction, it should not be recognized as a permanent resource or reduction in load for purposes of MISO load statistics.

C. **Jason L. Williams**. Petitioner’s Witness Williams, Director of System Operations, responded to the direct testimony of Intervenors regarding AMI. Mr. Williams testified that there are no material modifications nor delays required to implement Rider EDG. Mr. Williams testified that Mr. Mullett mistakenly believes implementation of Rider EDG is connected to, or dependent upon, Vectren South’s deployment of AMI meters within its service territory. To the contrary, Mr. Williams explained there is no direct correlation and Vectren South’s AMI deployment was substantially complete in the fourth quarter of 2019.

Mr. Williams then refuted Mr. Mullett’s contention that Vectren South is proposing undeveloped, undisclosed, untested, and unreviewed programming for retrieval and processing of data. Mr. Williams testified that a misconception on the part of the intervening parties seems to be that Vectren South cannot successfully bill a DG customer because it just recently started using AMI to remotely read and provide the customer usage data for its meters. Mr. Williams explained that a utility could continue to conduct traditional meter reading (*i.e.*, in-person, manual reads of meters) without AMI and still fully service DG customers under either traditional Rider NM or Rider EDG. Mr. Williams testified that AMI allows for faster restoration of electric service and improves public safety and utility safety because of the faster pinpointing where the outage occurred in order to begin restoration.

Mr. Williams provided a technical overview as to how the total “outflow” is the measurement of the EDG (Ind. Code § 8-1-40-5). Specifically, Mr. Williams explained that the Inflow registered on the meter is the excess of the consumption that is required by the customer above what is produced by the DG resource while the Outflow registered on the meter is the measurement of the EDG above what is used by the customer. Mr. Williams then explained that both Inflow and Outflow channels are registered at the meter and then transmitted to the billing system.

Next, Mr. Williams explained that Vectren South’s Customer Portal is not required for DG Customers to review and understand the amount of consumption between bills. Mr. Williams testified that the meter will be programmed and installed at the customer’s premise to display Inflow and Outflow reads at the meter for a Rider EDG customer. Mr. Williams further testified that the meter display is an easy and transparent way for a customer to know each day, week, or with whichever frequency they choose and assess whether the Inflow or Outflow is increasing.

Mr. Williams explained that additional improvements are not necessary to implement Rider EDG, and the technology and infrastructure that Vectren South has installed and is currently using is equipped to handle DG now and in the future. Mr. Williams concluded by recommending that the Commission approve Rider EDG as proposed by Vectren South in this proceeding without material modification to the proposal or significant delay in implementation.

D. **Ryan E. Abshier**. Petitioner’s Witness Ryan Abshier, Manager of Indiana Planning & Protection, explained that the indemnification and insurance language in Petitioner’s proposed Rider EDG is identical to the indemnification and insurance language in Petitioner’s Rider NM. Mr. Abshier further testified that the indemnification and insurance provisions are based on the language in 170 I.A.C. 4-4.2-8 and 170 I.A.C. 4-4.3-10. Mr. Abshier explained that the indemnification and insurance language in Petitioner’s Rider NM has been in effect since May 18, 2005, which is the date the Commission approved the language in a 30-day filing. Mr. Abshier



further testified that in the fifteen years since this language was approved, the Company is not aware of a single request from a customer to remove or waive this language.

Mr. Abshier explained that the immediate access language in Petitioner's proposed Rider EDG is identical to the immediate access language in Petitioner's Rider NM. Mr. Abshier then explained that Vectren South requires immediate access to metering, control, and protective equipment at all times (*e.g.*, emergency situations). Mr. Abshier stated that there is a potential for an inverter to not operate as intended (*i.e.*, fail to automatically disconnect) under abnormal operating conditions during emergency situations. Additionally, Mr. Abshier explained that the Company's utility experience has shown that electronic disconnecting devices can fail to operate or mis-operate over time due to degradation, programming bugs, and other factors. Mr. Abshier then explained why the use of the IREC Model Interconnection Procedures as proposed by Mr. Kenworthy is not adequate because "reasonable" access is too restrictive in emergency or hazardous conditions.

Mr. Abshier also responded to Mr. Kenworthy's concerns related to customers receiving three-phase service having to bear the cost of installing the three-phase meter as required for Rider EDG. Mr. Abshier testified that this proposed three-phase meter provision in the Rider EDG is consistent with the three-phase meter provision found in Petitioner's Rider NM.

## **9. Discussion and Commission Findings.**

### **A. Implementation and Calculation of Rider EDG Pursuant to the Distributed Generation Statute.**

1. Timeliness of Filing for an EDG Rate. Ind. Code § 8-1-40-10 requires a utility to make available its net metering tariff until the earlier of July 1, 2022; or "January 1 of the first calendar year after the calendar year in which [Petitioner's] aggregate amount of net metering facility nameplate capacity . . . equals at least one and one-half percent (1.5%) of [Petitioner's] most recent summer peak load." Section 10 further requires a utility to petition the Commission for approval of a rate for the procurement of EDG, if, before July 1, 2022, the utility reasonably anticipates that the aggregate amount of its net metering facility nameplate capacity will equal at least one and one-half percent (1.5%) of its most recent summer peak load at any time during the calendar year. Otherwise, an electricity supplier must file a petition seeking approval of a rate for the procurement of EDG by March 1, 2021.

Petitioner's Witness Rice explained that the Company filed the Petition initiating this proceeding in 2020 because it reasonably anticipates that the aggregate available net metering capacity will be exhausted prior during the calendar year. (Pet'r's Ex. 2 at 4-9.) The Company elected to make the amount of capacity reserved for Biomass available for use by other customer categories, namely residential and non-reserved. (Pet'r's Ex. 2 at 8.) Still, however, the Company, at the time of filing, reasonably anticipated its aggregate reserved capacity would be exhausted during 2020. Mr. Rice provided Table MAR-1 in his rebuttal testimony, which shows that as of August 31, 2020, the remaining capacity available for net metering is 2,151.597 kW, with an additional 3,236.124 kW in the queue as either an approved participant or waiting approval from the Company. (Pet'r's Ex. 3 at 4.) Thus, the total capacity that remains is 1,084.527 kW.

No party disputed the need for approval of a rate for EDG at this time pursuant to the unambiguous terms of Ind. Code § 8-1-40-10 nor the evidence showing that Petitioner’s capacity would likely be exhausted during calendar year 2020. Accordingly, based on the evidence presented, we find the Company’s petition for an approval of a rate for the procurement of EDG was timely submitted in accordance with the requirements of Ind. Code § 8-1-40-10.

2. Rider EDG Rate. Once a utility timely files a request for an EDG rate in accordance with Ind. Code § 8-1-40-10, Section 17 of the Distributed Generation Statute requires that:

The commission shall review a petition filed under section 16 of this chapter by an electricity supplier and, after notice and a public hearing, shall approve a rate to be credited to participating customers by the electricity supplier for excess distributed generation if the commission finds that the rate requested by the electricity supplier was accurately calculated and equals the product of:

- (1) the average marginal price of electricity paid by the electricity supplier during the most recent calendar year; multiplied by
- (2) one and twenty-five hundredths (1.25).

Ind. Code § 8-1-40-17.

Petitioner’s Witness Joiner, Director, Power Supply Services provided testimony and documentation supporting Petitioner’s calculation of the Rider EDG rate in accordance with Ind. Code § 8-1-40-17. Mr. Joiner explained that, to determine the “average marginal price of electricity paid by [Vectren South] during the most recent calendar year [2019]” pursuant to Ind. Code § 8-1-40-17, the Company averaged the 2019 hourly LMP at Vectren South’s SIGE.SIGW load node. (Pet’r’s Ex. 1 at 4.) Witness Joiner explained the SIGE.SIGW is the node at which the Company is charged for energy and therefore is representative of the marginal price Petitioner paid for energy. (*Id.*) Mr. Joiner then stated that the Company’s proposed EDG Rate of \$0.03183 per kWh was calculated as follows:

<b>Vectren South - A Centerpoint Energy Company Market Settlements Group Excess Distributed Generation Rate Calculation 2019 SIGE.SIGW Average Hourly Real-Time LMP</b>		
Average LMP \$/MWh:	\$	25.47
1.25 X Average LMP \$/MWh:	\$	31.83
<b>1.25 X Average LMP \$/kWh:</b>	<b>\$</b>	<b>0.03183</b>

(*Id.*)

No party argued that Mr. Joiner’s calculation of the proposed Rider EDG rate was performed incorrectly or that the SIGE.SIGW load node was not the most appropriate location to be used in the calculation. In fact, Solarize Witness Mullett agreed that Petitioner calculated its proposed EDG rate correctly under Ind. Code § 8-1-40-17. Mr. Mullett states:

Q. Is it SI's position that Vectren's proposed EDG rate of 3.1 cents/kwh does not conform to the relevant provisions of SEA 309 regarding its calculation?

A. No. . . .

(Solarize Ex. 5 at 17.)

Nonetheless, Intervenor recommended the Commission consider EDG rates calculated in a manner inconsistent with Ind. Code § 8-1-40-17. In his direct testimony, IDG Witness Rutter recommended entirely new formulae be used to calculate the price to be paid to Rider EDG customers for EDG. Specifically, Mr. Rutter recommended the Commission either: (1) approve a "middle ground", under which Vectren South would price the compensation for procurement of EDG, designed "to capture the direct, societal, and other indirect benefits attributable to DG customers' contribution to the distribution grid" (IDG Ex. 3 at 14); or, in the alternative, (2) require Vectren South to purchase electricity from EDG customers at the avoided cost of kWh sold for a specific retail class. (*Id.*) In his supplemental testimony, Mr. Rutter presented yet another "middle ground" approach, which was based on Petitioner's cost of service study from its 2009 rate case. Without recommending any particular rate, Joint Intervenor's Witness Kenworthy and Solarize's Witness Mullett both suggested that the EDG rate should align with traditional cost of service principles. (JI Ex. 2 at 29-30; SI Ex. 5 at 17.) Mr. Kenworthy further suggested that the Commission consider the "lower" cost to serve DG customers in determining not only the appropriate Outflow rate but also a lower Inflow rate for DG customers (JI Ex. 2 at 32.)

The Commission is a creature of statute. *See* Ind. Code § 8-1-1-2. As such the Commission "derives its power and authority solely from statute, and unless a grant of power and authority can be found in the statute it must be concluded that there is none." *Ind. Bell Tel. Co., Inc. v. Ind. Util. Regulatory Comm'n*, 715 N.E.2d 351, n.3 (Ind. 1999) (citations omitted). The authority of a state agency and its administrative courts is strictly limited to the express language of the statutes creating it. *Bd. of Comm'r of Morgan Cnty. v. Wagoner*, 699 N.E.2d 1196, 1198 (Ind. Ct. App. 1998); *Ind. Dept. of Natural Res. v. Town of Syracuse*, 686 N.E.2d 410, 411 (Ind. Ct. App. 1997).

The Distributed Generation Statute clearly and definitively proscribes the "rate to be credited to participating customers by the electricity supplier for excess distributed generation." Ind. Code § 8-1-40-17. Joint Intervenor's Witness Kenworthy acknowledges "the Commission is obliged to follow the statutory requirements related to the implementation of an excess distributed generation rate." Mr. Kenworthy is correct. "When the Legislature has specified the manner in which something is to be done, that is how it is to be done." *Re Indianapolis Power & Light Co.*, Cause No. 39437, 1993 WL 13811976, 145 P.U.R. 4th 513 (Ind. U.R.C. Aug. 18, 1993).

We find the rate for procurement of EDG, and calculation thereof, presented by Petitioner's Witness Joiner in Attachment JMJ-1 to be derived from, and consistent with, the process expressly proscribed in the Distributed Generation Statute, Sections 6 and 17 (Ind. Code §§ 8-1-40-6 and 17). We decline to *sua sponte* modify the Distributed Generation Statute as advocated by IDG Witness Rutter and other Intervenor's witnesses, as doing so would be contrary to law. Accordingly, we find Petitioner's proposed rate for procurement of EDG, and calculation thereof, is reasonable and in compliance with Ind. Code §§ 8-1-40-6 and 17; and, therefore, approve Petitioner's proposed rate for procurement of EDG.

3. Carryover of EDG Credits. In accordance with Ind. Code § 8-1-40-18, Petitioner sought approval to compensate a Rider EDG customer in the form of a credit on the customer's monthly bill, the excess of which Petitioner would carry forward, and apply, against future charges for as long as such customer receives service from Petitioner. No party opposed Petitioner's proposal to carry credits forward pursuant to Ind. Code § 8-1-40-18. However, Joint Intervenors' Witness Kenworthy took issue with Petitioner's proposal that upon discontinuance of service, any remaining EDG credit balance would be credited to customers through the Company's FAC. Instead Mr. Kenworthy, recommended that any remaining credits be refunded to EDG customers upon discontinuation of service.

As with the proposals to adopt different rates for EDG, Mr. Kenworthy's proposal is contrary to the requirements of the Distributed Generation Statute, which explicitly provides:

*An electricity supplier shall compensate a customer from whom the electricity supplier procures excess distributed generation (at the rate approved by the commission under section 17 of this chapter) through a credit on the customer's monthly bill. Any excess credit shall be carried forward and applied against future charges to the customer for as long as the customer receives retail electric service from the electricity supplier at the premises.*

Ind. Code § 8-1-40-15 (emphasis added).

Nothing in the Distributed Generation Statute provides support for a cash payment to Rider EDG customers. It is just as important to recognize what a statute does not say as it is to recognize what it does say. *Van Orman v. State*, 416 N.E.2d 1301, 1305 (Ind. Ct. App. 1981). Like Section 15, Ind. Code §§ 8-1-40-17 and 19 explicitly establish the form of compensation to be paid to customers as a credit, with Section 17 providing the Commission shall "approve a rate to be credited to participating customers by the electricity supplier for excess distributed generation." Ind. Code § 8-1-40-17.

Aside from conflicting with the express statutory language, Petitioner's Witness Rice noted that providing cash compensation to DG customers could have tax implications, as well as potential unintended implications resulting from unintentionally shifting the customer from a resale customer that receives credits on their bill to a wholesale seller of power.

Based on the Distributed Generation Statute and Mr. Rice's testimony, we decline to require Vectren South to provide monetary compensation to DG customers for EDG produced as suggested by Joint Intervenors' Witness Kenworthy.

4. Compliance Filing Updates. In accordance with Ind. Code § 8-1-40-16, Petitioner indicated it would update its Rider EDG rate, annually, by March 1 via a compliance filing in this proceeding. (Pet'r's Ex. 2 at 13.) Section 16 of the Distributed Generation Statute provides that after approval of the initial rate, a utility shall "submit on an annual basis, not later than March 1 of each year, an updated rate for excess distributed generation in accordance with the methodology set forth in [S]ection 17 of this chapter." Ind. Code § 8-1-40-16.

No party opposed the Petitioner's methodology for annually updating proposed Rider EDG. Based on the evidence presented, we find the Company's proposal to update its rate for EDG

as presented by Petitioner and described herein is consistent with, and meets the requirements of, Ind. Code § 8-1-40-16. Given that this Order is being issued after March 1, 2020, however, we find that Petitioner should submit a revised tariff setting forth a revised EDG rate based on 2020 data within thirty (30) days from the issuance of this Order.

5. Recovery of amounts credited to EDG customers through the FAC. Ind. Code § 8-1-40-15 provides, “[a]mounts credited to a customer by an electricity supplier for excess distributed generation shall be recognized in the electricity supplier’s fuel adjustment proceedings under IC 8-1-2-42.” Solarize Witness Mullett testified that Solarize was concerned that, with respect to DG customers, recovery of EDG credits through the FAC would constitute an impermissible “double recovery” of an “energy delivery charge.”

However, costs eligible for recovery in the FAC are recovered based on energy (kWh) consumed by customers. In the case of an EDG customer, the FAC charges would be applied to the Inflow measurement on their meter, which represents fuel costs associated with the energy consumed by the EDG customer. Accordingly, we find that the evidence reflects that application of Ind. Code § 8-1-40-15 does not result in a double recovery. Rather, the EDG customer will be paying the variable FAC charge based on energy consumed which is separate and distinct from the Rider EDG credits paid for EDG. We therefore authorize Petitioner to recover amounts credited to EDG customers through its FAC.

**B. Determination of amount of EDG.** In its Petition, Vectren South proposed that “Rider EDG will be based upon instantaneous measurements of electricity supplied by the customer to Petitioner (defined as ‘Outflow’) and electricity supplied by the Petitioner to the customer (defined as ‘Inflow’).” (Pet. ¶ 15.) The Petition indicated that a customer will first use its DG “output to offset some or all of its instantaneous use of electric service and then its excess outflow will produce bill credits based on the EDG approved rate.” (*Id.*) The OUCC and Intervenors raised two principal issues regarding Petitioner’s “instantaneous netting” proposal. The first issue, which was the subject of the Motion for Summary Judgment and subsequent Appeal to the Full Commission, is whether instantaneous netting (as opposed to monthly netting) is permitted under Ind. Code § 8-1-40-5. If so, the second issue raised by Intervenors is whether instantaneous netting results in rates for the purchase of EDG that are reasonable and consistent with cost of service principles. We address both issues below.

1. Ind. Code § 8-1-40-5. In their testimony and subsequent Motion for Summary Judgment, the OUCC and Intervenors claim Petitioner’s proposal to use instantaneous netting results in an incorrect calculation of EDG under Ind. Code § 8-1-40-5, which provides:

As used in this chapter, “excess distributed generation” means the difference between:

- (1) the electricity that is supplied by an electricity supplier to a customer that produces distributed generation; and
- (2) the electricity that is supplied back to the electricity supplier by the customer.

The OUCC’s and Intervenors’ position was described in the testimony of OUCC Witness Alvarez as “Vectren assumes the total amount of electricity supplied by the DG customer to Vectren or

‘total outflow amount’ is the EDG electricity for that particular billing period, without determining the difference from the electricity it supplied to the DG customer, as required by . . .” Ind. Code § 8-1-40-5. (Public’s Ex. 1 at 5-6.)

Petitioner, however, presented substantial evidence explaining that “Outflow” is calculated in accordance with Ind. Code § 8-1-40-5 and does account for both the electricity supplied by the customer to the Company and the “the electricity [the Company] supplied to the DG customer.” Petitioner’s Witness Rice testified that: “[t]he net of the electricity supplied by Vectren South to the customer and the electricity supplied back to Vectren South is captured as ‘Outflow’ on the customer’s meter.” (Pet’r’s Ex. 3 at 6.) Mr. Rice further stated that the meter registers as “Outflow” the net of both components of “excess distributed generation” in accordance with Ind. Code § 8-1-40-5. (*Id.*) Specifically, Mr. Rice explained:

**Q. Both Mr. Alvarez and Solarize witness Kastner claim that Vectren South is not netting the kWh amount and monetizing the difference, but instead is summing Inflows multiplied by the retail rate and Outflows multiplied by the EDG rate and then calculating the difference. Is that accurate?**

A. No. The Outflow is the net, in kWh, of the “electricity that is supplied back to the electricity supplier by the customer” and the “electricity that is supplied by an electricity supplier to a customer.” This net amount is what Rider EDG is applied to in accordance with IC § 8-1-40-5.

(Pet’r’s Ex. 3 at 9, lines 7-14.)

Consistent with Mr. Rice’s testimony, the language of Ind. Code § 8-1-40-5 is specifically incorporated into Petitioner’s proposed Rider EDG tariff. The tariff includes the following definition of the term “Excess Distributed Generation:” “(kWh) in accordance with IC 8-1-40-5, the difference between (1) the electricity that is supplied by an electricity supplier to a customer that produces distributed generation; and (2) the electricity that is supplied back to the electricity supplier by the customer.” (Pet’r’s Ex. 3, Attach. MAR-R1 at 1). The definition of the term Outflow is then defined to specifically incorporate the term “Excess Distributed Generation.” Outflow is defined in Rider EDG as “(kWh) the separate meter channel measurement of energy delivered by Customer to Company as Excess Distributed Generation.” (*Id.*)

Notwithstanding the foregoing, the OUC and certain Intervenors claim Outflow as registered on the meter is not actually the difference between electricity supplied to the customer by the electricity supplier and electricity supplied to the electricity supplier by the customer because electricity only flows one way. Initially, this position contradicts the testimony of their own witnesses. Joint Intervenors’ Witness Douglas Jester states: “If the amount of power supplied from the distributed generation is greater than the amount required by the customer’s loads, *the excess distributed generation will flow from the customer’s premises to the utility; this is referred to as outflow in Vectren South’s Petition.*” (JI Ex. 1 at 10, lines 3-8 (emphasis added).) In other words, Joint Intervenors’ Witness Jester acknowledges that “excess distributed generation” as defined in Ind. Code § 8-1-40-5 is the “Outflow” registered on the meter.

Moreover, the evidence reflects that electricity flowing through the meter and registered as “Outflow” is, in fact, the “excess distributed generation” produced by a DG customer for purposes of Ind. Code § 8-1-40-5. This unused or “excess” electricity registered as “Outflow” on the meter is the electricity Vectren South must accept from the DG customer – regardless of whether that excess electricity is needed to meet system needs or not. The amount of electricity that Vectren South must accept from the customer is the amount of electricity that is supplied back to Petitioner by the customer in excess of the amount that Vectren South supplied to the customer at the same moment – i.e., “excess distributed generation.”

The OUCC and Joint Intervenors essentially argue Ind. Code § 8-1-40-5 also requires a utility to permit DG customers to net the amount of the EDG they deliver to the utility at various times during the month against the amount of electricity supplied by the utility to them over the course of the same month. As further discussed below, nothing in Ind. Code § 8-1-40 *et seq.* requires a monthly, or billing period, netting which Intervenors’ witnesses expressly recognize. Moreover, the Outflow measurement on the meter already is net of the amount of electricity supplied by the Company to meet the customer’s load at the instant the Outflow occurs. (Pet’r’s Ex. 3 at 6, lines 13-15.) Accordingly, if the OUCC’s and Intervenors’ view were to be adopted by the Commission, it would result in a double netting of the amount of energy supplied by Vectren South to the customer. The result essentially would be a continuation of net metering, under which Rider EDG customers could continue to pay zero for electricity consumed during most, if not all, months of the year – just like net metering customers. We do not believe the General Assembly enacted Ind. Code ch. 8-1-40 in order to effectively sunset net metering and replace it with a rate that would achieve an identical outcome.

Based on the substantial evidence of record, we find the meter registers at any given moment in time of the difference between: (1) the electricity that is supplied by an electricity supplier to a customer that produces DG; and (2) the electricity that is supplied back to the electricity supplier by the customer. Accordingly, we find instantaneous netting is consistent with Ind. Code § 8-1-40-5. Therefore, we affirm our denial of the Motion for Summary Judgment and find instantaneous netting is permissible under Ind. Code § 8-1-40-5.

2. Reasonableness of rates and charges. Intervenors’ witnesses testified that unlike the Commission’s net metering rules, which require a “billing period” netting period, Ind. Code § 8-1-40-5 does not set forth a particular netting period. Joint Intervenors’ Witness Kenworthy states: “I have been advised by counsel that the concept of some netting period is implied by the use of the word ‘difference,’ and that the netting period is not specified in the statute.” (JI Ex. 2 at 7.) Therefore, Intervenors’ argue the Commission should find instantaneous netting results in a rate that is not “just and reasonable” and instead apply a monthly netting period, which they indicated “more accurately reflects cost of service.” (*Id.* at 2.) For the reasons set forth below, we find instantaneous measurement and calculation of “excess distributed generation” using the components set forth in Ind. Code § 8-1-40-5 results in rates that are just and reasonable and consistent with cost of service principles.

The evidence in this case reflects that netting the two elements set forth in Ind. Code § 8-1-40-5 on a monthly basis, rather than an instantaneous basis, has the effect of substantially reducing the DG customer’s bill for energy provided by Petitioner, which ultimately is paid for by Vectren South customers that do not have a behind the meter generation source. Joint Intervenors’

Witness Kenworthy presented a comparison of monthly netting, hourly netting and instantaneous netting, which shows that the amounts paid by DG customers for electricity they consume are much lower under a monthly netting paradigm. (JI Ex. 2, Attach. WDK-2.)

Likewise, Petitioner's Witness Rice prepared analyses of five customer bills, using data gathered over the past twelve months. In the case of three of the five DG customers, the analysis showed the customer would be billed for *zero* consumption for most of the months of the year under a monthly netting paradigm, even though energy was provided by Vectren South to those DG customers and consumed throughout the year. (Pet'r's Ex. 5 at 14-16.) One customer was billed for zero consumption for eleven of twelve months, even though energy was actually used by the customer throughout the year. The one month where usage was actually part of the bill calculation was only because the customer had exhausted all of its credit bank – and still, the customer was billed well below what the monthly meter read reflected. (Pet'r's Ex. 5 at 14.) Another customer was billed for *no usage* during the twelve-month period. (*Id.* at 15.) A third customer was billed for only approximately half of their actual usage. (*Id.* at 16.) These customers do not operate on Vectren South's system at zero cost and the energy they consumed during the foregoing periods certainly was not purchased or produced by Vectren South at no cost.

We note that Intervenors' arguments in support of monthly billing largely focus on the "payback" period for customers that install a DG system. For instance, Mr. Kenworthy states that a customer's payback period would go from 10.7 years to 25.2 years under instantaneous netting. (JI Ex. 2 at 22.) However, Petitioner's other customers are paying for the electricity these DG customers consume and ultimately the DG customers' faster payback periods. This is because the utility's other customers must pay for this excess electricity put on the Company's system – whether needed or not – through the fuel adjustment clause. Ind. Code § 8-1-40-15.<sup>3</sup> Under a monthly netting paradigm, Petitioner's non-DG customers also are paying for the electricity consumed by the DG customers when they take electricity from the Company at no cost later in the month. That electricity has not been stored for the DG customer's future use. Accordingly, we cannot conclude that it is just and reasonable for Petitioner's other customers to subsidize the payback periods of DG customers through the continuation of monthly netting.

Witnesses for Solarize also argue that instantaneous netting will, in the words of Mr. Kastner, "drive some [prospective DG customers] to invest in only smaller systems that do not send much clean energy to the grid." (Solarize Ex. 4 at 9.) Likewise, Mr. Boggess states under instantaneous netting: "it is likely that solar systems will be sized smaller to allow less energy to be sent to the grid." (Solarize Ex. 3 at 8.) The General Assembly's intent, however, was to encourage DG to size their systems to be able to meet just the customer's needs – not to build systems capable of sending substantial energy to the grid to improve their payback periods. To that end, Ind. Code § 8-1-40-3 provides that DG facilities to which the statute are applicable are those with a "nameplate capacity of the lesser of: (A) not more than one (1) megawatt; or (B) the customer's average annual consumption of electricity on the premises."

Contrary to the foregoing intent to limit the amount of DG that utilities must accept, IDG Witness Rutter argues that DG customers create a benefit to Petitioner's systems that supports

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<sup>3</sup> "Amounts credited to a customer by an electricity supplier for excess DG shall be recognized in the electricity supplier's fuel adjustment proceedings under IC 8-1-2-42."



monthly netting. (IDG Ex. 3 at 6.) However, the record does not support finding any benefit that justifies subsidization of DG customers' payback periods. Petitioner's Witness Rice testified that a DG customer that interconnects to Vectren South's distribution system requires a level of service equal to that of a customer that does not have a DG resource. (Pet'r's Ex. 3 at 13.) Mr. Rice further testifies that the cost to manage DG customers, from interconnection evaluation to billing, are greater than those for non-DG customers. (Pet'r's Ex. 3 at 17-18.) Likewise, Petitioner's Witness Joiner testified that Outflow produced by customer-owned DG resources does not reduce power plant, distribution or transmission system costs. (Pet'r's Ex. 4 at 5.) Mr. Joiner testified that customer-owned DG, without additional transmission reinforcement, likely "degrades system reliability, and at a minimum increases the potential for curtailments." (Pet'r's Ex. 4 at 8.)

If a DG customer wants to continue the monthly netting paradigm and use electricity that they produce over the course of a month to offset their consumption later in the month, they can do so by installing a battery. Batteries for home solar system are readily available in today's market. IDG Witness Morton, however, testifies that "battery storage is very expensive" and therefore, "adding the cost of batteries lengthens the financial payback time for a solar energy investment." (Indiana Distributed Energy Alliance Ex. 2 at 9.) Again, we do not believe this lengthened payback period supports the OUC and Intervenors' recommendation that we require customers that do not own DG resources to allow Rider EDG customers to use their EDG from prior periods to offset Inflows occurring at any time during the month.

Based on the evidence of record, we find instantaneous netting will result in a Rider EDG customer paying for the energy they are supplied by the Company, no more and no less. Likewise, the instantaneous netting compensates the DG customer for the amount of energy they produce in excess of the amount supplied by the Company. Accordingly, we find Petitioner's proposed instantaneous netting mechanism to be just and reasonable and consistent with cost of service principles.

**C. Miscellaneous Technology, Tariff, and Other Concerns.** Intervenors also raised various concerns related to Petitioner's ability to implement Rider EDG from bill accuracy to data retrieval and processing, as well as a number of non-rate concerns related to Petitioner's proposed Sheet No. 53 implementing Rider EDG. These issues are not directly related to the relief sought in this proceeding or approval of rate for EDG as required under Ind. Code ch. 8-1-40. Nonetheless, we address each issue below.

1. **Technology Issues.** Solarize's Witness Mullett questioned Petitioner's ability or readiness to implement Rider EDG and accurately bill DG customers under Rider EDG. Petitioner presented substantial evidence supporting its capabilities, readiness, and ability to implement and accurately bill customers under Rider EDG. The evidence reflects that Petitioner is currently retrieving and processing data from its AMI meters and has been doing so since early 2019. Specifically, during the evidentiary hearing, Petitioner's Witness Williams testified that the Company has: "been successfully using [its] AMI system to pass information to [its] meter data management system . . . for billing purposes since 2019, but [has] been collecting data prior to February of 2019." (Tr. at D-56; *see also* Pet'r's Ex. 5 at 6).

Petitioner's Witness Rice testified the metering construct for Rider EDG is the same as that for all its other customers (net metering and non-DG customers). The only change is to the billing

construct, which splits the data into two components and will provide more granular information. (Pet'r's Ex. 3 at 24, 26). Petitioner's Witness Rice testified that the Company's ability to capture the dual channel end-of-month reads for billing purposes, using a standard meter set-up, and subsequently process the data to accurately bill a DG customer under Rider EDG, if and when approved, is not impacted by any changes to the Company's bill presentation for Rider EDG customers. (Pet'r's Ex. 3 at 21-22).

Both Petitioner's Witnesses Rice and Williams confirmed Rider EDG does not require incremental tools to measure end of month reads for billing purposes. (Pet'r's Ex. 3 at 26; Pet'r's Ex. 5 at 4, 8). Petitioner's Witness Williams provided substantial testimony supporting Petitioner's position that Rider EDG is not connected to, nor dependent upon, Vectren South's deployment of AMI meters (Pet'r's Ex. 5 at 4, 8); summarizing the history of AMI meter deployment; detailing the extensive experience Petitioner has in successfully metering and billing DG customers since February 2006 (Pet'r's Ex. 5 at 4); and confirming there are no material modifications nor delays required to implement Rider EDG (Pet'r's Ex. 5 at 4.) Petitioner's Witness Williams explained how "AMI is just a vehicle by which information travels" from meters to the billing system, confirming net metering, in and of itself, has not changed – data continues to be captured with customer usage and excess generation being registered with revenue quality metering, albeit now remotely instead of in-person. (Pet'r's Ex. 5 at 8; *see also* Pet'r's Ex. 3 at 26 (wherein Petitioner's Witness Rice reiterates "the process utilized to meter and bill a customer is unchanged but for the fact that the customer will capture two meter reads instead of just one.")) Finally, Petitioner's Witness Williams confirmed, at the evidentiary hearing, the Company "will be able to accurately bill EDG customers when the tariff is approved." (Tr. at D-56.)

Petitioner also presented substantial evidence regarding its Customer Portal that Vectren South is providing to benefit EDG customers. Mr. Williams testified that Vectren South is "providing this information to our customers as a benefit of the AMI system which provides hourly data and will pass that data along to our customer so that they have better information regarding their energy usage, or in the case of a distributed generation customer, . . . information about their generation . . . or outflow." (Tr. at D-55, D-56.) Mr. Williams stated that these functions will be available by the end of 2020. (Tr. at D-51.)

We note that the Distributed Generation Statute does not require the Commission to review or approve Petitioner's billing programming or other technological processes used to bill Rider EDG. Moreover, it is always incumbent on the utility to be able to accurately bill customers under its various tariff offerings. To the extent a utility is unable to do so, a customer could file a complaint under Ind. Code § 8-1-2-34.5. Nonetheless, we find Petitioner provided substantial evidence supporting its ability and readiness to implement Rider EDG and to accurately bill DG customers.

2. Immediate Access to Facilities. Solarize Witness Mullett and Joint Intervenor's Witness Kenworthy raised issues related to the provision in proposed Rider EDG, which provides that: "[c]ustomer shall agree that Company shall at all times have immediate access to Customer's metering, control, and protective equipment." Mr. Mullett and Mr. Kenworthy believe the language is overly broad and not justified.

However, Petitioner's Witness Abshier testified that the language is identical to the immediate access language found in Petitioner's Rider NM, which has been in effect since May 18, 2005<sup>4</sup>. (Pet'r's Ex. 4 at 6-7.) Mr. Abshier testified there is a public safety need for immediate access to the customer's metering, control, and protective equipment at all times. Mr. Abshier testified that the Company cannot wait for customer consent in case of emergencies or hazardous situations before disconnecting and isolating the DG system from the Company's electrical system to protect the public, first responders, and Company personnel as well mitigate the hazard or prevent damage to Vectren South equipment and/or customer property. (Pet'r's Ex. 4 at 7; *see also* Tr. at C-58,C-59.) Petitioner's Witness Abshier also explained why the use of the IREC Model Procedures as proposed by Joint Intervenors' Witness Kenworthy are not adequate for the Company's emergency access purposes. The IREC Model Procedures limit access to "reasonable access to the Interconnection Customer's premises for any reasonable purposes," which is subject to interpretation and could restrict the Company's access to the facilities.

Petitioner provided substantial evidence supporting the reliability and safety reasons for requiring immediate access to the customer's DG metering, control, and protective equipment. Petitioner's proposed language mirrors that utilized in another one of its tariffs, related to DG resources, which has been in effect since 2005 and which the Commission previously found reasonable and consistent with Commission rules and standards. We, therefore, based on the evidence presented, find the immediate access provision presented in Petitioner's Attachments MAR-R1 to be reasonable and consistent with the Distributed Generation Statute and other Commission rules and standards.

3. Language Regarding Disconnecting Devices. Joint Intervenors' Witness Kenworthy raised concerns regarding the provision in proposed Rider EDG related to disconnecting devices. Initially, Mr. Kenworthy asserted that Vectren South should clarify in its proposed Rider EDG whether it requires disconnect devices for Level 1 Systems. Petitioner's Witness Abshier testified that clarification is not necessary as Vectren South does not require disconnects for Level 1 interconnections and certain Level 2 interconnections (i.e., small installations) as determined by Vectren South. Witness Abshier further testified that Rider EDG, however, specifies that disconnects are required for Level 3 and applicable Level 2 interconnections as determined by Vectren South.

Upon review of the evidence and tariff language, we find that the clarification sought by Joint Intervenors is unnecessary. Witness Abshier's rebuttal testimony established that proposed Rider EDG does not require disconnects for Level 1 interconnections. This testimony is consistent with the plain language of proposed Rider EDG, which clearly provides that a disconnecting device is only applicable for Level 3 and applicable Level 2 interconnections. The requested addition of a superfluous exclusion is unnecessary.

Mr. Kenworthy also recommended that Vectren South reimburse customers for the switch to the extent the Company requires disconnect switches for Levels 2 and 3. However, 170 I.A.C. 4-4.3-4 provides that the "utility may require the applicant to include a disconnect switch as a supplement to the equipment package." Reimbursing the customer for this required disconnect switch also would result in the cost being allocated to all ratepayers instead of the facility owner

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<sup>4</sup> The date the Commission approved the language in Petitioner's Thirty-Day (30) Administrative Filing No. 2209.

required to install the disconnect. Additionally, 170 I.A.C. 4-4.3-4 allows the utility to charge Level 2 applicants for minor modifications to the distribution system and Level 3 applicants for any facilities the utility must install to accommodate the interconnection. We decline to impose a requirement on Vectren South in this proceeding that is greater than those set forth in the Commission's regulations.

4. Metering. Joint Intervenor's Witness Kenworthy raised concerns in his testimony about the provision in proposed Rate EDG tariff requiring customers receiving three-phase service to bear the cost of installing the three-phase meter. Witness Kenworthy testified that additional metering should not be required for Rate EDG customers. Petitioner's Witness Abshier provided rebuttal testimony that the installation of larger three-phase metering devices have the potential to be time consuming, labor intensive, and costly. The evidence also demonstrated that the proposed three-phase meter provision in Rider EDG is consistent with the three-phase meter provision found in Petitioner's Rider NM, previously approved by the Commission. We see no reason for incongruent treatment of these costs for one class of customer at the expense of other customers. For these reasons, we agree with Petitioner and approve the three-phase service language proposed by Petitioner.

5. Indemnity and Insurance. Solarize Witness Mullett raised concerns in his testimony about the provisions in Petitioner's Proposed Rate EDG related to indemnity and insurance. Witness Mullett testified that the indemnity provisions are "so protective to Vectren as to be punitive to those of its customers which would serve the Company and its other customers as distributed generators", and "[a]s such, these provisions are definitely a deterrent to prospective customer generators contemplating making the large investments required to become distributed solar generators." (SI Ex. 5 at 23). As to insurance, Witness Mullett testified that that the indemnification provision proposed by the Company should not only be narrowed in scope but also limited in amount to that of the required insurance policy (\$100,000).

In rebuttal, Petitioner Witness Abshier explained that the proposed indemnification and insurance language is identical to corresponding provisions found in Rider NM, which the Commission has previously approved. Mr. Abshier pointed out that the provisions in Rider NM are based on the language in 170 I.A.C. 4-4.2-8 and 170 I.A.C. 4-4.3-10, respectively. As to insurance, Mr. Abshier testified that the requirement is typically covered via the homeowner's insurance policy, stating:

For any customer that's requesting application, we require proof of insurance. They send us what they have as proof. That goes to our claims department to make sure that it covers \$100,000. We have not under my watch had an instance where we've requested additional insurance beyond what was provided by the customer.

(Tr. at C-54.).

We see no reason to deviate and create new language for Rider EDG. The Distributed Generation Statute is silent concerning indemnification and insurance requirements for customers with DG resources. As such, and to remain consistent with Petitioner's other interconnection requirements previously approved by the Commission (namely, Rider NM), we approve of the identical provisions contained in proposed Rider EDG.

6. Cost of Service. Joint Intervenors' Witness Jester recommended the Commission direct Vectren South to provide a cost of service analysis for customers having DG behind-the-meter in its next general rate case and base the rate design for Rider EDG customers in that case on that study. Mr. Jester also suggested that the Commission require Vectren South to offer optional time of use rates to all customers and allow customers with behind-the-meter rates to choose such time of use rates. Petitioner's Witness Rice testified that the Company does not oppose a review of the DG customers within its next cost of service study. However, Mr. Rice objected to making such a review a requirement of this proceeding.

Ind. Code § 8-1-40 does not require, nor suggest, a cost of service study to determine disparate rates for Rider EDG customers. The statute relates only to how DG customers are to be compensated for the EDG that utilities must accept from their system. Accordingly, we decline as part of this proceeding to mandate how Petitioner should present its cost of service study in its next base rate case. The evidence Petitioner submits in its next rate case is a matter for Petitioner to determine. Other parties may choose to provide different cost of service studies and methodologies – and if they so choose, recommend the addition of customer classes. Likewise, whether to include or recommend time of use rates as part of Petitioner's next base rate case is best left to discretion of Vectren South. Petitioner's Witness Rice noted that “one option being evaluated by Vectren South as a future phase of its AMI implementation” is the implementation of a time of use rate.” (Pet'r's Ex. 3 at 33.)

Moreover, we note that the evidence presented in this proceeding does support a finding that it costs less for Petitioner to serve a DG customer. Petitioner's Witness Rice noted that the cost to manage DG customers is greater than the cost to manage non-DG customers.

7. MISO-related Issues. Joint Intervenors' Witness Jester recommended the Commission direct Vectren South to hereafter treat Outflow as negative load for purposes of MISO's Resource Adequacy standards and MISO load statistics; or in the alternative, direct Vectren South to: (a) aggregate Outflows from its customers; (b) obtain Zonal Resource Credits for those resources, and (c) use those Zonal Resource Credits in Vectren South's Resource Adequacy demonstrations to MISO and to the Commission.

Initially, we again note that Petitioner's MISO planning obligations are not an issue in this proceeding which relates to the development of rate for EDG under Ind. Code § 8-1-40. Therefore, we do not believe it is appropriate to consider this issue as part of this proceeding. Even if this issue was within the scope of this proceeding, we find it would be premature for the Commission to impose any requirements on Petitioner.

There is no evidence that EDG customers will provide any meaningful reduction in load that could be recognized as a reduced capacity obligation for Vectren South. Petitioner's Witness Joiner testified that the impact that customer owned DG would have on Vectren South's capacity obligation, if any, would be negligible as EDG owners typically realize Inflows instead of Outflows during the peak conditions on which capacity accreditation is based. (Pet'r's Ex. 4 at 7.) In addition, Mr. Joiner noted that in order to obtain full accreditation, EDG owners would have to incur the expense and requirements of participating in the wholesale market. Among other things, they would have to staff the facility to offer it into the Planning Resource Auction (“PRA”), submit testing data, and receive and reconcile revenue settlement statements from MISO. (*Id.*)

As to aggregation, the evidence reflects that MISO is considering allowing aggregation of small DG resources under recent FERC Order No. 2222 (Sept. 17, 2020). However, MISO has until July of 2021 to finalize and formalize the requirements of any aggregation program and the requirements of that program for DG resource to be treated as a planning level resource are not yet known. (Tr. at C-13.) Performance Services, Inc.'s counsel agreed that "there is a considerable federal regulatory process that is still ongoing. (Tr. at C-14.) Accordingly, we reject Joint Intervenor's recommendation.

8. PURPA Issues. Certain Intervenor's raised issues relating to PURPA in this proceeding. For instance, Joint Intervenor's Witness Jester claims that Rider EDG does not result in PURPA compliant rates because it does not result in Petitioner paying its "avoided costs." (JI Ex. 1 at 33.) Solarize Witness Mullett goes even further and suggests that the Commission should require Petitioner to implement additional tariff offerings available as a part of this proceeding. (Solarize Ex. 5 at 40-41.) Solarize's other witnesses raised similar arguments.

Petitioner's Rider EDG represents implementation of the General Assembly's approach and rate set forth in Ind. Code § 8-1-40 *et seq.*, which does not involve PURPA. Importantly, under Ind. Code § 8-1-40-3, a customer's self-generation facility must be sized to meet the customer's electricity requirements, not to produce excess electricity for sale to the utility on a regular basis. Indiana Code § 8-1-40 and Rider EDG allow for the: offsetting of consumption and generation behind the meter and prescribe the rate by which such a customer is compensated for any electricity that is produced in excess of the customer's load and delivered to the utility from time to time. FERC has long treated the types of arrangements that involve credits through retail rates, such as net metering and that proposed in Petitioner's Rider EDG, as a retail transaction, not a wholesale sale. *See, e.g., Sun Edison, LLC*, 129 FERC ¶ 61146, 61620 (Nov. 19, 2009) (FERC jurisdiction not implicated "[w]here there is no net sale over the billing period", in other words, FERC "does not assert jurisdiction when the end-use customer that is also the owner of the generator receives a credit against its retail power purchases from the selling utility.").

Moreover, by providing a 25% adder to the LMP price of electricity, Ind. Code ch. 8-1-40 and Rider EDG are consistent with avoided cost principals. Notably, FERC's regulations implementing PURPA set out a number of factors that can be taken into account in determining avoided cost rates, including, among others: (i) the ability of the utility to dispatch the qualifying facility; (ii) the expected or demonstrated reliability of the qualifying facility; (iii) the terms of any contract or other legally enforceable obligation, including the duration of the obligation, termination notice requirement and sanctions for non-compliance; (iv) the extent to which scheduled outages of the qualifying facility can be usefully coordinated with scheduled outages of the utility's facilities; (v) the usefulness of energy and capacity supplied from a qualifying facility during system emergencies, including its ability to separate its load from its generation; and (vi) the individual and aggregate value of energy and capacity from qualifying facilities on the electric utility's system. 18 C.F.R. § 292.304(e).

The foregoing factors generally would result in a downward adjustment to any avoided cost calculation in the case of a small DG facility. A DG customer will deliver excess electricity to the utility only if and as available, with no firm commitment to provide capacity or energy. Thus, the costs avoided by Rider EDG will be energy only. The utility cannot count on any firm capacity from DG facilities in an emergency, or otherwise. In fact, the utility will be required to

stand ready to back up and serve the customer's electricity requirements at any point in time. Given these circumstances, we find the rate prescribed by the Distributed Generation Statute – including a 25% adder above the wholesale LMP – is more than sufficient compensation for the energy that may be delivered to the utility by DG customers.

We also reject Solarize's recommendation that Petitioner be required as part of this proceeding to make additional tariff offering available. This proceeding is mandated under Ind. Code 8-1-40-10. It is not the proper forum to discuss other potential contract offerings for DG customers. If Solarize wishes to pursue such offerings it can do so by pursuing a proceeding under either Ind. Code § 8-1-2-34.5 or Ind. Code § 8-1-2-54.<sup>5</sup>

**10. Rulings on Motions.** The Presiding Officers resolved by Docket Entry multiple motions filed by parties to this proceeding. All rulings of the Presiding Officers, including those made by Docket Entry and on the record at the evidentiary hearing, are hereby affirmed.

**11. Confidential Information.** Petitioner filed a Motion for Protection and Nondisclosure of Confidential and Proprietary Information on August 27, 2020, which was supported by affidavit showing certain information to be submitted to the Commission was trade secret information within the scope of Ind. Code §§ 5-14-3-4(a)(4) and 24-2-3-2. The Presiding Officers issued a Docket Entry on September 9, 2020, finding such information confidential on a preliminarily basis, after which Petitioner submitted such information into evidence under seal. IDG also filed a Motion for Motion for Protection and Nondisclosure of Confidential and Proprietary Information on August 31, 2020, which was supported by affidavit showing certain information to be submitted to the Commission was trade secret information within the scope of 170 I.A.C. 1-1.1-4 and Ind. Code §§ 5-14-3 and 8-1-2-29. The Presiding Officers issued a Docket Entry on September 11, 2020, finding such information confidential on a preliminarily basis, after which IDG submitted such information into evidence under seal. We find all such information should continue to be confidential pursuant to Ind. Code §§ 8-1-2-29 and 5-14-3-4 and find all such information exempt from public access and disclosure by Indiana law and shall be held confidential and protected from public access and disclosure by the Commission.

**IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:**

1. Vectren South's rate for the procurement of excess distributed generation is approved in accordance with Ind. Code § 8-1-40-16 and Ind. Code § 8-1-40-17

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<sup>5</sup> However, we would note that Solarize Witness Mullett is incorrect that Vectren South does not have a standard offer contract for projects of less than 1 MW. The new Standard Offer and Contract Form referenced on page 35 of Mr. Mullett's testimony did not replace or modify the previously approved Standard Offer and Contract Form. The previously approved Standard Offer and Contract would be available to customers that operate facilities generating less than 1 MW and met the other requirements of Rate CSP. Moreover, many of the complaints raised by Mr. Mullett relate broadly to the Commission's regulations implementing PURPA and are more appropriately addressed in a rulemaking proceeding. *See* Order Approving Utility Articles (June 24, 2020) and attached Technical Memorandum.

2. Vectren South's Rider EDG and proposed Sheet No. 53 of Tariff for Electric Service to implement such Rider EDG is approved. Prior to implementing the rates authorized in this Order, Vectren South shall file the tariff with the Commission's Energy Division.

3. Vectren South is authorized to recover the credits provided to Rider EDG customers through its fuel adjustment clause proceedings.

4. Vectren South shall submit a revised tariff setting forth a rate for EDG based on 2020 locational marginal price data within thirty (30) days from the issuance of this Order.

5. The materials filed in this Cause under seal are declared to contain trade secret information and deemed confidential pursuant to Ind. Code §§ 5-14-3-4 and 24-2-3-2 are exempt from public access and disclosure and shall be held by the Commission as protected from public access and disclosure consistent with Finding Paragraph 11.

6. This Order shall be effective on and after the date of its approval.

**HUSTON, FREEMAN, KREVDA, OBER, AND ZIEGNER CONCUR:**

**APPROVED:**

**I hereby certify that the above is a true  
and correct copy of the Order as approved.**

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**Mary M. Schneider  
Secretary of the Commission**