



November 17, 2020

The Honorable Eric Holcomb
The Honorable Eric Koch
The Honorable Ed Soliday
Members of the 21st Century Energy Policy Development Task Force

Indiana State House
200 West Washington Street
Indianapolis, IN 46204

Re: Written Testimony of Indiana AEE Regarding the Final Recommendations of the Task Force

Dear Governor Holcomb, Chairman Koch, Chairman Soliday, and Members of the 21st Century Energy Policy Development Task Force:

Thank you for the opportunity to submit written testimony to the 21st Century Energy Policy Development Task Force (Task Force) ahead of its final meeting on November 19, 2020 when it is poised to vote on a report with recommendations for Indiana's energy future. The recommendations of this body will be seen by many as a guide for future action by Indiana's legislature and regulatory agencies. For these reasons, we believe that it is critical for the Task Force to issue recommendations that will diversify Indiana's energy portfolio, build good local jobs, and continue to allow the market to dictate the energy choices of our state's utilities.

Advanced Energy Economy (AEE) is a business association representing a diverse set of energy technologies; such as wind, solar, storage, energy efficiency, and electric vehicles; with a vision to provide affordable and reliable electricity while creating jobs and growing the economy. We are pleased that the Task Force has examined the role of traditional energy resources, the impact on grid reliability and resilience from their retirement, and the current transition of the energy grid towards more use of advanced energy resources. AEE and our members have been integrally engaged in issues regarding these topics and would like to continue to serve as a resource on these and many other issues as Indiana increases its energy diversity by using more wind, solar, energy storage, and demand-side resources among other advanced energy resources.

Advanced energy, like most other industries, has been hit hard by the devastating COVID-19 pandemic. Prior to the onset of COVID-19, advanced energy employed 90,900 Hoosiers.¹

¹ <https://info.aee.net/indiana-2020-advanced-energy-jobs-fact-sheet>

These jobs were in a variety of fields including wind technicians, solar installers, battery storage developers, and jobs in the corn ethanol industry. More than 50,000 of these jobs were in roles directly saving Hoosier families and businesses money: construction workers blowing insulation into our homes and buildings; installers of high efficiency windows and air conditioning systems. Unfortunately, Indiana's advanced energy workforce has not been spared from COVID-19. Since the onset of the pandemic the industry has lost a total of 11,414 jobs in the state.²

The good news is that the underlying fundamentals of advanced energy remain strong: these technologies are cost-competitive with all other sources of energy and fast to market. That has not changed with COVID-19. As the Task Force readies its final recommendations it should view advanced energy as a tool for Indiana's economic recovery. Investments in advanced energy as part of an economic recovery package will create jobs, boost the state's economy, and save consumers money. A report earlier this year from AEE found that just meeting existing commercial and industrial demand for advanced energy in the Hoosier State could attract nearly \$6 billion in investment and create nearly 25,000 jobs over the next ten years.³

Independent market analysis also shows a multi-year trend of falling costs for advanced energy technologies. In its latest annual publication, Lazard, a financial advisory and asset management firm, finds that renewable energy resources have decreased in cost to the point that even without federal tax incentives, new onshore wind and large-scale solar projects are competitive with the marginal cost of operating existing coal and nuclear.⁴ Recent modeling has also found that over half of the coal plants in Indiana are already no longer cost competitive with nearby wind and solar, and that by 2025, all of Indiana's coal generation will be uncompetitive.⁵

This economic reality is evident in recent Integrated Resource Plan (IRP) filings from Indiana utilities. In 2018, the Northern Indiana Public Service Co. (NIPSCO) announced in its IRP plans to close its last two coal-fired plants and replace them with a diverse mix of renewable energy, energy storage, and demand-side resources, which it estimated will save its customers \$4 billion over the next 30 years.⁶ Similarly, Vectren is proposing in its 2019/2020 IRP to retire 730 megawatts of coal generation and significantly increase the use of renewables, storage, and demand-side resources in its portfolio, for an estimated customer savings of \$320 million over 20 years.⁷

The Indiana Utility Regulatory Commission (IURC) has also taken note of advanced energy's ability to maintain a reliable and resilient grid while protecting ratepayers. In April 2019, the

²<https://e4thefuture.org/wp-content/uploads/2020/11/Clean-Energy-Jobs-October-COVID-19-Memo-Final-1.pdf>

³ *Opportunities for Meeting Commercial and Industrial Demand for Renewable Energy in Indiana*. Prepared for Advanced Energy Economy by Wood Mackenzie. January 2020. Accessed November 16, 2020. Retrieved from: info.aee.net/commercial-industrial-demand-for-renewables-in

⁴ *Levelized Cost of Energy and Levelized Cost of Storage - 2020*. Lazard. October 19, 2020. Accessed October 21, 2020. Retrieved from: www.lazard.com/perspective/lcoe2020

⁵ *The Coal Cost Crossover: Economic Viability of Existing Coal Compared to New Local Wind and Solar Resources*. Gimon et al. March 2019. Energy Innovation and Vibrant Clean Energy. Page 10.

⁶ *The Northern Indiana Public Service Company LLC 2018 Integrated Resource Plan*. October 31, 2018.

⁷ *2019/2020 Integrated Resource Plan*. Vectren. June 2020.

IURC denied an application by Vectren for an 850 megawatt natural gas-fueled power plant, stating in their decision rapid technological innovation in the market and the need for smaller-scale options to better service customers.⁸ Similarly, a 2018 AEE report entitled *Potential for Peak Demand Reduction in Indiana* found that a combination of demand reduction strategies could avoid or defer the need for new power plants, transmission lines, and distribution infrastructure across Indiana, saving up to \$2.3 billion for business and residential electricity customers.⁹

Given the market trends outlined above, Indiana AEE recommends the Task Force support policies that will allow maximum flexibility for both utilities and energy consumers. Specifically, these policies should allow customers to benefit from demand side resources, clarify and streamline regulations for siting energy resources throughout the state, and allow utilities to freely choose portfolio mixes. These policies will save consumers money, meet increasing demand for renewables, and continue to make the Hoosier state economically competitive by creating jobs and providing consumer choice.

Demand side resources such as energy efficiency, distributed generation, and demand response can help improve reliability, save consumers money, and both make better use of existing generation resources and avoid the need for investments in new generation resources. Right now, energy efficiency is one of the most cost-effective ways to meet energy demand with an average levelized cost of saved electricity for program administrators of just \$0.016/kWh in Indiana.¹⁰ The Task Force should support policies that allow schools, hospitals, local governments, and businesses to invest in upgrades that will lower their energy usage, including through the use of energy savings performance contracts that can be deployed at no upfront cost.

The Task Force should also recommend policies that clarify how energy resources are planned and sited throughout the state. There is currently a county-by-county patchwork of regulations that prevent wind and solar companies from building projects in many places in Indiana. These regulations starve communities of revenue and prevent the growth of local jobs. A statewide approach to project siting would promote the buildout of more wind and solar, enabling Indiana to attract and retain large companies with sustainability commitments.

Lastly, Indiana utilities should be permitted to continue diversifying their portfolios in response to market forces without interference from the legislature. Indiana businesses want access to affordable and clean energy, and utilities are responding by choosing to add cost-effective renewables and demand-side resources to their portfolios. While the Task Force is right to be

⁸ Indiana Utility Regulatory Commission Cause No. 45052. April 24, 2019.

⁹ *Potential for Peak Demand Reduction in Indiana*. Prepared for Indiana Advanced Energy Economy by Demand Side Analytics, LLC. February 2018. Accessed November 16, 2020. Retrieved from: info.aee.net/2018-peak-demand-reduction-for-indiana

¹⁰ *The Cost of Saving Electricity Through Energy Efficiency Programs Funding by Utility Customers: 2009-2015*. Hoffman, Ian, Charles A. Goldman, Sean Murphy, Natalie Mims, Greg Leventis and Lisa Schwartz. Lawrence Berkeley National Laboratory. June 2018. Retrieved from: <https://www.swenergy.org/Data/Sites/1/media/lbnl-cse-report-june-2018.pdf>

concerned about reliability, it is a misconception that legacy fossil resources are needed to ensure reliable baseload power. A 2017 paper from AEE Institute entitled *Changing the Power Grid for the Better* finds that the grid can continue to reliably integrate renewables, storage, and demand-side resources. Transition to a more diverse resource mix—rather than a return to a singular reliance on baseload resources—is improving reliability and lowering costs for businesses and consumers at a national level over the last decade.¹¹

We thank you for the opportunity to provide this testimony and, we respectfully request that you incorporate this testimony into the final record of the Task Force. We hope you find this information helpful and we look forward to serving as a resource for you in the upcoming legislative session.

Sincerely,

Caryl A. Auslander

Indiana AEE Director

¹¹ *Changing the Power Grid for the Better*. Advanced Energy Economy Institute. May 2017. Accessed November 16, 2020. Retrieved from: info.aee.net/changing-the-power-grid-for-the-better