



# Indiana's Integrated Resource Planning Process

## Policy Description

Pursuant to Indiana Code § 8-1-8.5-3 and 170 IAC 4-7, Indiana utilities that own generating facilities are required to prepare an integrated resource plan (IRP) to ensure reliable and economical power supply.<sup>1</sup> The purpose of this planning process is to develop a long-term power system resource plan that will guide investments to provide safe and reliable electric power at the lowest delivered cost reasonably possible. Changes are under way in the state's electric generation resource mix due to the price of natural gas, the aging of Indiana's coal fleet, the dramatic decline in the cost of renewable resources, the increasing cost-effectiveness of energy efficiency, and evolving environmental policies. Increasingly, Indiana's electric utilities are using IRPs as a foundation for their business plans.

The issuance of a request for proposals (RFP) for generation resources and the integration of RFP information into IRPs is helping inform the planning process, and enabling utilities to gain better information on available, real projects at real costs from within the marketplace. Depending on a utility's projected capacity needs, developers pursuing combined heat and power (CHP) projects may be eligible to respond to an RFP that is issued as part of an IRP process in Indiana.

## Policy Development

Indiana's IRP regulations originate from the state's 1985 Certificate of Need statute, which was intended to ensure the provision of electric utility services at the lowest reasonable cost consistent with reliable service. Through rulemaking initiated in 2012, new IRP rules were developed in collaboration with utilities and interested stakeholders. The new IRP rules recognized that Indiana utilities are increasingly interconnected through the Midcontinent Independent System Operator (MISO) and PJM Interconnection. Utility deadlines for IRP submittal were staggered and moved from a two-year cycle to a three-year cycle.



A stakeholder advisory process became required, and the Indiana Utility Regulatory Commission (IURC) created an annual Integrated Resource Planning Contemporary Issues Conference. IURC Staff host the conference each year as part of the integrated resource planning process. The event is intended to address complex and cutting-edge issues, providing an opportunity for utilities, stakeholders, and technical staff to understand the complexity of various topics that affect integrated resource planning in the state.<sup>2</sup>

## Stakeholder Engagement

Indiana utility IRPs are subject to a rigorous, transparent stakeholder process, and 170 IAC 4-7 requires that a utility's submitted plan include a description of how stakeholder input was used in developing the IRP. Interested parties may submit comments on a utility's IRP (via contact information provided in the IRP) within 90 days from the date of submission. A complete record of IRPs submitted and comments filed is posted on the State of Indiana website.<sup>3</sup> Participating stakeholders have included Citizens Action Council, Earthjustice, Indiana Coal Council, Indiana Distributed Energy Alliance, Indiana Office of Utility Consumer Counselor, Sierra Club, and Valley Watch.

<sup>1</sup> Indiana Utility Regulatory Commission: Integrated Resource Planning: <https://www.in.gov/iurc/2630.htm>

<sup>2</sup> More information is available at <https://www.in.gov/iurc/3044.htm>

<sup>3</sup> State of Indiana website: <https://www.in.gov/iurc/2630.htm>

## Summary of Policy Results and Outcomes

Under the IURC's approach, an IRP is regarded not as a utility's definitive plan but rather as a roadmap based on the best information and judgment at the time the analysis was undertaken. The IRP is expected to provide off-ramps to give utilities maximum flexibility to adjust to inevitable changing conditions, such as fluctuating fuel prices, environmental regulations, public policy, technological changes, and customer needs.

CHP has become a more prevalent resource consideration in recent utility IRPs. The greater focus is taking place within the context of changes to Indiana's electric generation resource mix and the need for the state's utilities to maintain flexibility in planning. CHP was modeled or assessed in recent IRPs from a majority of Indiana utilities, including Indiana Michigan Power Company (2018), Northern Indiana Power Service Company (2018), Hoosier Energy Rural Electric Cooperative (2017), and Vectren (2016). Though not every plan that evaluated CHP recommended construction of additional CHP capacity, Duke Energy Indiana's 2018 IRP recommended installing 16 MW of additional CHP.

## Lessons to Share

Under Indiana law, IRPs are the utilities' plans and are not subject to outside approval, but utilities are required to hold public advisory meetings and to respond to suggestions provided by interested stakeholders. The IURC does not take a position on the relative efficacies of any of the utilities' preferred resource plans. Instead, IURC staff provides a constructive critique of Indiana utility IRPs to encourage continual improvement.

Indiana's experience with integrated resource planning has yielded a number of lessons learned:

- Stakeholder engagement is beneficial, and it is in the utility's interest to bring all parties together through the process, if at all possible.
- It is important to take a long-term view in the stakeholder public advisory process, as parties need to develop trust in one another.
- A focus on continual improvement in the IRP process allows for methodologies and data to evolve over time.
- RFPs can help utilities gain better information on real projects at real costs from within the marketplace.
- As a technology option that can be eligible for both traditional IRP modeling and RFP procurement, CHP can be a resource consideration within recent utility IRPs.



**Laura Rauch of MISO presents on resource availability at the 2019 IRP Contemporary Issues Technical Conference.**

Photo credit: IURC

## For More Information

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