BEFORE THE UNITED STATES DEPARTMENT OF ENERGY

Federal Power Act Section 202(c) Emergency Order: Midcontinent Independent System Operator and Northern Indiana Public Service Company LLC	)))))	Order No. 202-26-46
Federal Power Act Section 202(c) Emergency Order: Midcontinent Independent System Operator and CenterPoint Energy Indiana South	)))))	Order No. 202-26-47

Exhibit to
Motion to Intervene and Request for Rehearing and Stay of
Public Interest Organizations

Exhibit 96
July 2025 Resource Adequacy Report

U.S. DEPARTMENT of ENERGY



Resource Adequacy Report

Evaluating the Reliability and Security of the United States Electric Grid

July 2025

Acknowledgments

This report and associated analysis were prepared for DOE purposes to evaluate both the current state of resource adequacy as well as future pressures resulting from the combination of announced retirements and large load growth.

It was developed in collaboration with and with assistance from the Pacific Northwest National Laboratory (PNNL) and National Renewable Energy Laboratory (NREL). We thank the North American Electric Reliability Corporation (NERC) for providing data used in this study, the Telos Corporation for their assistance in interpreting this data, and the U.S Energy Information Administration (EIA) for their dissemination of historical datasets. In addition, thank you to NREL for providing synthetic weather data created by Evolved Energy Research for the Regional Energy Deployment System (ReEDS) model.

DOE acknowledges that the resource adequacy analysis that was performed in support of this study could benefit greatly from the in-depth engineering assessments which occur at the regional and utility level. The DOE study team built the methodology and analysis upon the best data that was available. However, entities responsible for the maintenance and operation of the grid have access to a range of data and insights that could further enhance the robustness of reliability decisions, including resource adequacy, operational reliability, and resilience.

Historically, the nation’s power system planners would have shared electric reliability information with DOE through mechanisms such as EIA-411, which has been discontinued. Thus, one of the key takeaways from this study process is the underscored “call to action” for strengthened regional engagement, collaboration, and robust data exchange which are critical to addressing the urgency of reliability and security concerns that underpin our collective economic and national security.

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List of Acronyms

AI	Artificial Intelligence
CAISO	California Independent System Operator
DOE	U.S. Department of Energy
EIA	Energy Information Administration
EO	Executive Order
EPRI	Electric Power Research Institute
ERCOT	Electric Reliability Council of Texas
EUE	Expected Unserved Energy
FERC	Federal Energy Regulatory Commission
GADS	Generating Availability Data System
ISO	Independent System Operator
ISO-NE	ISO New England Inc.
ITCS	Interregional Transfer Capability Study
LBNL	Lawrence Berkeley National Laboratory
LOLE	Loss of Load Expectation
LOLH	Loss of Load Hours
LTRA	Long-Term Reliability Assessment
MISO	Midcontinent Independent System Operator
NERC	North American Electric Reliability Corporation
NREL	National Renewable Energy Laboratory
NYISO	New York Independent System Operator
PJM	PJM Interconnection, LLC
PNNL	Pacific Northwest National Laboratory
ReEDS	Regional Energy Deployment System
RTO	Regional Transmission Organization
SERC	SERC Reliability Corporation
TPR	Transmission Planning Region
USE	Unserved Energy

Background to this Report

On April 8, 2025, President Trump issued Executive Order 14262, "Strengthening the Reliability and Security of the United States Electric Grid." EO 14262 builds on EO 14156, "Declaring a National Emergency (Jan. 20, 2025)," which declared that the previous administration had driven the Nation into a national energy emergency where a precariously inadequate and intermittent energy supply and increasingly unreliable grid require swift action. The United States' ability to remain at the forefront of technological innovation depends on a reliable supply of energy and the integrity of our Nation's electrical grid.

EO 14262 mandates the development of a uniform methodology for analyzing current and anticipated reserve margins across regions of the bulk power system regulated by the Federal Energy Regulatory Commission (FERC). Among other things, EO 14262 requires that such methodology accredit generation resources based on the historical performance of each generation resource type. This report serves as DOE's response to Section 3(b) of EO 14262 by delivering the required uniform methodology to identify at-risk region(s) and guide reliability interventions. The methodology described herein and any analysis it produces will be assessed on a regular basis to ensure its usefulness for effective action among industry and government decision-makers across the United States.

Executive Summary

Our Nation possesses abundant energy resources and capabilities such as oil and gas, coal, and nuclear. The current administration has made great strides—such as deregulation, permitting reform, and other measures—to enable addition of more energy infrastructure crucial to the utilization of these resources. However, even with these foundational strengths, the accelerated retirement of existing generation capacity and the insufficient pace of firm, dispatchable generation additions (partly due to a recent focus on intermittent rather than dispatchable sources of energy) undermine this energy outlook.

Absent decisive intervention, the Nation's power grid will be unable to meet projected demand for manufacturing, re-industrialization, and data centers driving artificial intelligence (AI) innovation. A failure to power the data centers needed to win the AI arms race or to build the grid infrastructure that ensures our energy independence could result in adversary nations shaping digital norms and controlling digital infrastructure, thereby jeopardizing U.S. economic and national security.

Despite current advancements in the U.S. energy mix, this analysis underscores the urgent necessity of robust and rapid reforms. Such reforms are crucial to powering enough data centers while safeguarding grid reliability and a low cost of living for all Americans.

Key Takeaways

- **Status Quo is Unsustainable**. The status quo of more generation retirements and less dependable replacement generation is neither consistent with winning the AI race and ensuring affordable energy for all Americans, nor with continued grid reliability (ensuring "resource adequacy"). Absent intervention, it is impossible for the nation's bulk power system to meet the AI growth requirements while maintaining a reliable power grid and keeping energy costs low for our citizens.
- **Grid Growth Must Match Pace of AI Innovation**. The magnitude and speed of projected load growth cannot be met with existing approaches to load addition and grid management. The situation necessitates a radical change to unleash the transformative potential of innovation.
- **Retirements Plus Load Growth Increase Risk of Power Outages by 100x in 2030**. The retirement of firm power capacity is exacerbating the resource adequacy problem. 104 GW of firm capacity are set for retirement by 2030. This capacity is not being replaced on a one-to-one basis and losing this generation could lead to significant outages when weather conditions do not accommodate wind and solar generation. In the "plant closures" scenario of this analysis, annual loss of load hours (LOLH) increased by a factor of a hundred.
- **Planned Supply Falls Short, Reliability is at Risk**. The 104 GW of retirements are projected to be replaced by 209 GW of new generation by 2030; however, only 22 GW would come from firm baseload generation sources. Even assuming no retirements, the model found increased risk of outages in 2030 by a factor of 34.

- **Old Tools Won't Solve New Problems.** Antiquated approaches to evaluating resource adequacy do not sufficiently account for the realities of planning and operating modern power grids. At a minimum, modern methods of evaluating resource adequacy need to incorporate frequency, magnitude, and duration of power outages; move beyond exclusively analyzing peak load time periods; and develop integrated models to enable proper analysis of increasing reliance on neighboring grids.

This report clearly demonstrates the need for rapid and robust reform to address resource adequacy issues across the Nation. Inadequate resource adequacy will hinder the development of new manufacturing in America, slow the re-industrialization of the U.S. economy, drive up the cost of living for all Americans, and eliminate the potential to sustain enough data centers to win the AI arms race.

Developing a Uniform Methodology

DOE's resource adequacy methodology assesses the U.S. electric grid's ability to meet future demand through 2030. It provides a forward-looking snapshot of resource adequacy that is tied to electricity supply and new load growth, systematically exploring a range of dimensions that can be compared across regions. As detailed in the methodology section of this report, the model is derived from the North American Electric Reliability Corporation (NERC) Interregional Transfer Capability Study (ITCS) which leverages time-correlated generation and outages based on actual historic data.[1] A deterministic approach[2] simulates system stress in all hours of the year and incorporates varied grid conditions and operating scenarios based on historical events:

- **Demand for Electricity – Assumed Load Growth:** The methodology accounts for the significant impact of data centers, particularly those supporting AI workloads, on electricity demand. Various organizations' projections for incremental data center electricity use by 2030 range widely (35 GW to 108 GW). DOE adopted a national midpoint assumption of 50 GW by 2030, aligning with central projections from Electric Power Research Institute (EPRI)[3] and Lawrence Berkeley National Laboratory (LBNL).[4] This 50 GW was allocated regionally using state-level growth ratios from S&P's forecast,[5] reflecting infrastructure characteristics, siting trends, and market activity; and, mapped to NERC Transmission Planning Regions (TPRs).

1. This model differs from traditional peak hour reliability assessments in that it explicitly simulates grid performance hour-by-hour across multiple weather years with finer geographic detail and optimized inter-regional transfers, and explores various retirement and build-out scenarios. Furthermore, the DOE approach integrates weather-synchronized outage data.
2. Deterministic approaches evaluate resource adequacy using relatively stable or fixed assumptions about the representation of the power system. Probabilistic approaches incorporate data and advanced modeling techniques to represent uncertainty that require more computing power. Deterministic was chosen for this analysis for transparency and to model detailed historic system conditions.
3. EPRI, "Powering Intelligence: Analyzing Artificial Intelligence and Data Center Energy Consumption," March 2024, https://www.epri.com/research/products/3002028905.
4. Shehabi, A., et al., "2024 United States Data Center Energy Usage Report," https://escholarship.org/uc/item/32d6m0d1.
5. S&P Global – Market Intelligence, "US Datacenters and Energy Report," 2024.

An additional 51 GW of non-data center load was modeled using NERC data, historical loads (2019-2023), and simulated weather years (2007-2013), adjusted by the Energy Information Administration's (EIA) 2022 energy forecast, with interpolation between 2024 and 2033 to estimate 2030 demand.

- **Supply of Electricity – Assumed Generation Retirements and Additions:** Between the current system and the projected 2030 system, the model considers three scenarios for generator retirements and additions. These scenarios were selected to describe the metrics of interest and how they change during certain assumptions of generation growth and retirements.

The resource adequacy standard (or criterion) is the measure that defines the desired level of adequacy needed for a given system. Conceptually, a resource adequacy criterion has two components—metrics and target levels—that determine whether a system is considered adequate. Comprehensive resource adequacy metrics[6] are incorporated in this analysis to capture the magnitude and duration of system stress events:

- **Magnitude of Outages – Normalized Unserved Energy (NUSE):** Measures the amount of unmet electrical energy demand because of insufficient generation or transmission, typically measured in megawatt hours (MWh).

  While USE describes the absolute amount of energy not delivered, it is less useful when comparing systems of different size or across different periods. Normalizing, by dividing by total load over a whole period (for example, a year) allows comparison of these metrics across different system sizes, demand levels, and periods of analysis. For example, 100 MWh of USE in a small, isolated microgrid can be more impactful than 100 MWh of USE in a larger regional grid that serves millions of people. USE is normalized by dividing by total load:

$$\frac{100\ MWh\ (of\ unserved\ energy)}{10{,}000{,}000\ MWh\ (of\ total\ energy\ delivered\ in\ a\ year)} x100 = 0.001\ percent$$

Although the use of NUSE is not standardized in the U.S. today,[7] several system operators domestically and across the world have begun using NUSE as a useful metric.

- **Duration of Outages – Loss of Load Hours (LOLH):** Measures the expected duration of power outages when a system's load exceeds its available generation capacity. At the core, LOLH helps assess how frequently and for how long the power system is likely to experience insufficient supply, providing a picture of reliability in terms of time. LOLH is calculated as both a total and average value per year, in addition to the maximum percentage of load lost in any given hour per year.

6. In the interest of technical accuracy, and separate from their contextualization in the main text, NUSE is more precisely a measure of volume that is expressed as a percentage. Similarly, 2.4 hours of LOLH represents the cumulative sum of distinct periods of load loss, not a singular, continuous duration.
7. There is no common planning criterion for this metric in North America. NERC's Long-Term Reliability Assessment employs a normalized expected unserved energy (NEUE) metric to define target risk levels for each region. Grid operators, such as ISO-NE, have also considered NUSE in energy adequacy studies. For example, see ISO-NE, "Regional Energy Shortfall Threshold (REST): ISO's Current Thinking Regarding Tail Selection," April 2025, https://www.iso-ne.com/static-assets/documents/100022/a09_rest_april_2025.pdf.

Reliability Standard

DOE's methodology recognizes that the traditional 1-in-10 loss of load expectation (LOLE) criterion is insufficient for a complete assessment of resource adequacy and risk profile. This antiquated criterion is not calculated uniformly and fails to adequately account for crucial factors such as the duration and magnitude of potential outages.[8] To provide a comprehensive understanding of system reliability and, specifically, to complement current resource adequacy standards while informing the creation of new criteria, the methodology uses the following reliability standard:

- **Duration of Outages:** No more than 2.4 hours of lost load in an individual year.[9] This translates into one day of lost load in ten years to meet the 1-in-10 criteria.

- **Magnitude of Outages:** No more than an NUSE of 0.002%.[10] This means that the total amount of energy that cannot be supplied to customers is 0.002% of the total energy demanded in a given year.

Achieving Reliability Standard

- **Perfect Capacity Surplus/Deficit:** Defined as the amount of generation capacity (in MW) a region would need to achieve specified threshold conditions. Based on these thresholds, this standard helps answer the hypothetical question of how much more (or less) power plant capacity is needed for a power system to be considered "perfectly reliable" according to pre-defined standards. This methodology employs this perfect capacity metric to identify the amount of capacity needed to remedy potential shortfalls (or excesses) in generation.

Key Results Summary

This analysis developed three separate cases for 2030. The "**Plant Closures"** case assumes all announced retirements occur plus mature generation additions based on NERC's Tier 1 resources category,[11] which encompasses completed and under-construction power generation projects, as well as those with firm-signed and approved interconnection service or power purchase agreements. The "**No Plant Closures"** case assumes no retirements plus mature additions. A "**Required Build**" case further compares the impacts of retirements on perfect capacity additions needed to return 2030 to the current system level of reliability.

8. While 1-in-10 analyses have evolved, industry experts have raised concerns about its effectiveness to address future system risks. Concerns include energy constraints that arise from intermittent resources, increasing battery storage, limited fuel supplies, and the shifting away of peak load periods from times of supply shortfalls.
9. The "1-in-10 year" reliability standard for electricity grids means that, on average, there should be no more than one day (24 hours) of lost load over a ten-year period. This translates to a maximum of 2.4 hours of lost load per year.
10. This analysis targets NUSE below 0.002% for each region because this is the target NERC uses to represent high risk in resource adequacy analyses. Estimates used in industry and analyzed recently range from 0.0001% to 0.003%.
10. Mature generation additions are based on NERC's 2024 LTRA Tier 1 resources, which assume that only projects considered very mature in the development pipeline will be built. For example, Tier 1 additions are those with signed interconnection agreements or power purchase agreements, or included in an integrated resource plan, indicating a high degree of certainty in their addition to the grid. Full details of the retirement and addition assumptions can be found in the methodology section of this report.

DOE ran simulations using 12 different years of historical weather. Every hour was based on actual data for wind, solar, load, and thermal availability to stress test the grid under a range of realistic weather conditions. The benefit of this approach is that it allows for transparent review of how actual conditions manifest themselves in capacity shortfalls. For all scenarios, LOLH and NUSE are calculated and used to compare how they change based on generation growth, retirements, and potential weather conditions.

- **Current System:** Supply of power (generation) and demand for power (load) consistent with 2024 NERC Long-Term Reliability Assessment (LTRA), including 2023 actual generation plus Tier 1 additions for 2024.

- **Plant Closures:** This case assumes 104 GW of announced retirements based on NERC estimates including approximately 71 GW of coal and 25 GW of natural gas, which closely align with retirement numbers in EIA's 2025 Annual Energy Outlook. In addition, this case assumes 100% of 2024 NERC LTRA Tier 1 additions totaling 209 GW are constructed by 2030. This includes 20 GW of new natural gas, 31 GW of additional 4-hour batteries, 124 GW of new solar and 32 GW of incremental wind. Details of the breakdown can be found in Appendix A.

- **No Plant Closures:** This case adds all the Tier 1 NERC additions but assumes no retirements.

- **Required Build:** To understand how much capacity may need to be added to reach reliability targets, the analysis adds hypothetical perfect capacity (which is idealized capacity that has no outages or profile) until a NUSE target of 0.002% is realized in each region. This scenario includes the same assumptions about retirements as our Plant Closures scenario described above.

As shown in the figures and tables below, the model shows a significant decline in all reliability metrics between the current system scenario and the 2030 Plant Closures scenario. Most notably, there is a hundredfold increase in annual LOLH from 8.1 hours per year in the current case to 817 hours per year in the 2030 Plant Closures. In the worst weather year assessed, the total lost load hours increase from 50 hours to 1,316 hours.

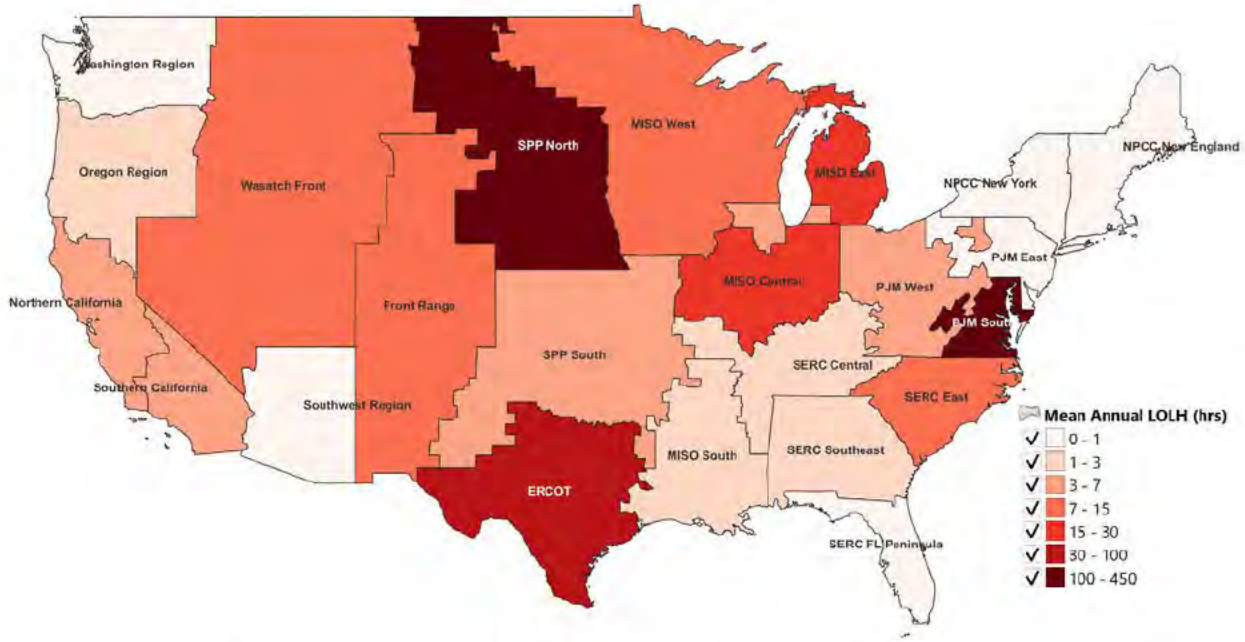


Figure 1. Mean Annual LOLH by Region (2030) – Plant Closures

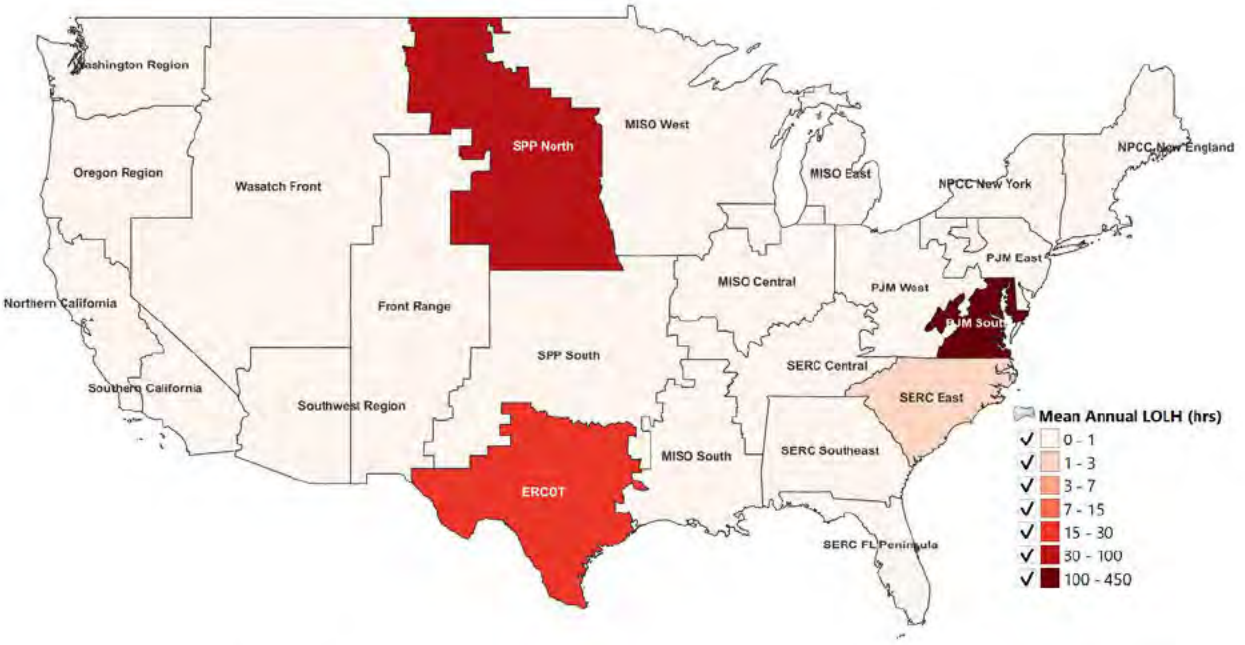


Figure 2. Mean Annual LOLH by Region (2030) – No Plant Closures

Table 1. Summary Metrics Across Cases

Reliability Metric	2030 Projection			
	Current System	Plant Closures	No Plant Closures	Required Build
AVERAGE OVER 12 WEATHER YEARS				
Average Loss of Load Hours	8.1	817.7	269.9	13.3
Normalized Unserved Energy (%)	0.0005	0.0465	0.0164	0.00048
WORST WEATHER YEAR				
Annual Loss of Load Hours	50	1316	658	53
Normalized Unserved Load (%)	0.0033	0.1119	0.0552	0.002

Current System Analysis

Analysis of the current system shows all regions except ERCOT have less than 2.4 hours of average loss of load per year and less than 0.002% NUSE. This indicates relative reliability for most regions based on the average indicators of risk used in this study. In the current system case, ERCOT would be expected to experience on average 3.8 LOLH annually going forward and a NUSE of 0.0032%. When looking at metrics in the worst weather years, regions meet or exceed additional criteria. All regions experienced less than 20% of lost load in any hour.

However, PJM, ERCOT,[12] and SPP experienced significant loss of load events during 2021 and 2022 winter storms Uri and Elliot which translated into more than 20 hours of lost load. This results in a concentration of lost load within certain years such that some regions exceeded 3-hours-per-year of lost load. It is worth noting that in the case of PJM and SPP, the current system model shortfalls occurred within subregions rather than for the entire ISO footprint.

12. ERCOT has since winterized its generation fleet and did not suffer any outages during Winter Storm Elliot.

2030 Model Results

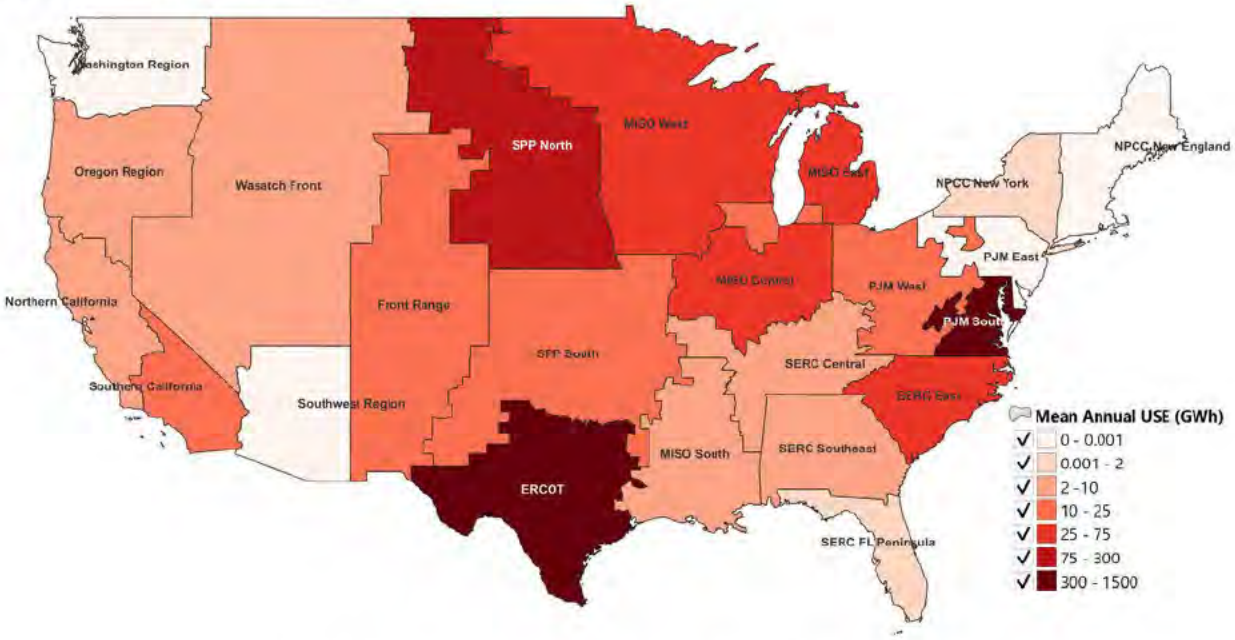


Figure 3. Mean Annual NUSE by Region (2030) -Plant Closures

Key Findings – Plant Closures Case:

- **Systemwide Failures**: All regions except ISO-NE and NYISO failed reliability thresholds. These two regions did not have additional AI/data center (AI/DC) load growth modeled.
- **Loss of Load Hours (LOLH)**: Ranged from 7 hours/year in CAISO to 430 hours/year in PJM.
- **Load Shortfall Severity**: Max shortfall reached as high as 43% of hourly load in PJM; 31% in CAISO.
- **Normalized Unserved Energy**: Normalized values ranged from 0.0032% (non-CAISO West) to 0.1473% (PJM), far exceeding thresholds of 0.002%.
- **Extreme Events**: Most regions experienced ≥3 hours of unserved load in at least one year. PJM had 1,052 hours in its worst year.
- **Spatial Takeaways**: Subregions in PJM, MISO, and SERC met thresholds—indicating possible benefits from transmission—but SPP and CAISO failed in all subregions.

Key Findings – No Plant Closures Case:

- **Improved System Performance**: Most regions avoided loss of load events. PJM, SPP, and SERC still experienced shortfalls.
- **Regional Failures**:

- **PJM**: 214 hours/year average, 0.066% normalized unserved energy, 644 hours in worst year, max 36% of load lost.
- **SPP**: 48 hours/year average, 0.008% normalized unserved energy, max 19% load lost.
- **ERCOT**: 20 average hours, 0.028% normalized unserved energy, 101 max hours/year, peak shortfall of 27%.
- **SERC-East**: Generally adequate (avg. 1 hour/year, 0.0003% NUSE), but Elliot storm in 2022 caused 42 hours of shortfall.

The overall takeaway is that avoiding announced retirements improves grid reliability, but shortfalls persist in PJM, SPP, ERCOT, and SERC, particularly in winter.

Required Build

This required build analysis quantifies "hypothetical capacity," defined as power that is 100% reliable and available that is needed to resolve the shortfalls. Known in industry as "perfect capacity," this metric is utilized to avoid the complex decision of selecting specific generation technologies, as that is ultimately an optimization of reliability against cost considerations. Nevertheless, it serves as a valuable indicator, illustrating either the magnitude of a resource gap or the scale of large load that will be unable to interconnect. For the Required Build case, this hypothetical capacity was calculated by adding new generating resources to each region until a target of 0.002% of NUSE is reached.

The table below shows the tuned perfect capacity results. For the current system, this analysis identifies an additional 2.4 MW of capacity to meet the NUSE target for PJM, which experiences shortfalls due to the winter storm Elliot historical weather year. By 2030, without considering any generation retirements, an additional 12.5 GW of generating capacity is needed across PJM, SPP, and SERC to reduce shortfalls.



	2024-Current System (MW)	2030-No Plant Closures (MW)
PJM	2400	10,500
SERC-E		500
SPP-N		1,500
ERCOT	1600	10500
Total	4000	23000

Perfect Capacity/Additions

Figure 4. Tuned Perfect Capacity (MW) By Region

1 Modeling Methodology

The methodology uses a zonal PLEXOS[13] model with hourly time-synchronous datasets for load, generation, and interregional transfer for the 23 U.S. subregions (referred to as TPRs in this study)[14] including ERCOT (see Figure 5 below). While ERCOT operates outside of FERC's general jurisdiction,[15] it provides a valuable case for understanding broader reliability and resource adequacy challenges in the U.S. electric grid, and FPA Section 202(c) allows DOE to issue emergency orders to ERCOT.

We base this analysis on actual weather and power plant outage data from 2007 to 2023 using NERC's ITCS[16] base dataset. DOE specifically decided to start this analysis with the ITCS dataset since it is a complete representation of the interconnected electrical system for the lower 48 and it has been thoroughly reviewed by industry experts in a public and transparent process. DOE has in turn made modifications to the dataset to fit the needs of this study. The contents of this section focus on those modifications which DOE implemented for purposes of this study.

PLEXOS is an industry-trusted simulation tool used for energy optimization, resource adequacy, and production cost modeling. This study leverages PLEXOS' ability to exercise an hourly production cost model to determine the balance between loads, generation, and imports for each region. Modeling was carried out using a deterministic approach that evaluates whether a power system has sufficient resources to meet projected demand under a pre-defined set of conditions which correspond to the past few years of real-world events. The model ultimately determines the amount of unmet load if generation resources and imports are not sufficient for meeting the load in each discrete time period.

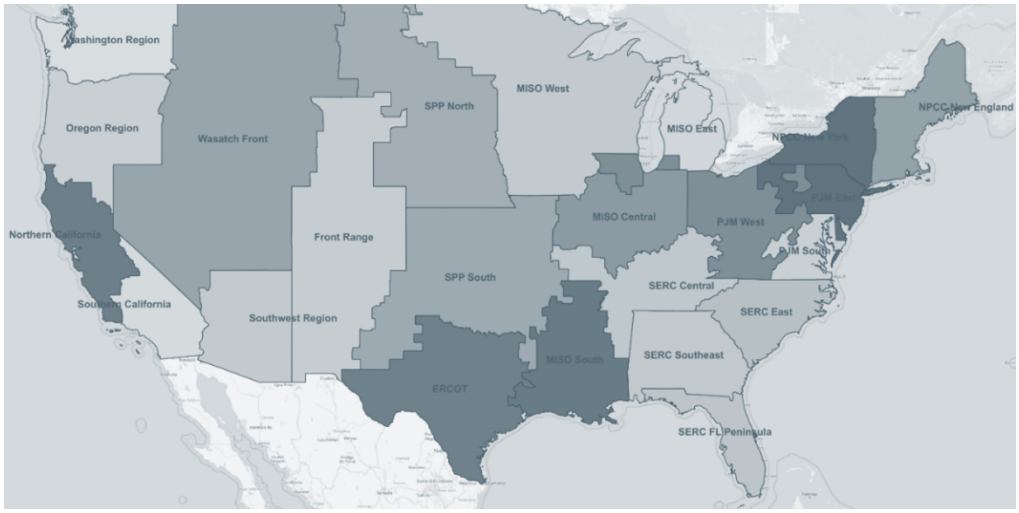


Figure 5. TPRs used in NERC ITCS

13. Energy Exemplar, "PLEXOS," https://www.energyexemplar.com/plexos.
14. The TPRs match the regional subdivisions in the NERC ITCS study, itself based on FERC's transmission planning regions.
15. Transmission within ERCOT is intrastate commerce. 16 U.S.C. § 824(b)(1) (provisions applying to "the transmission of electric energy in interstate commerce").
16. NERC "Integrated Transmission and Capacity System (ITCS)," accessed June 25, 2025, https://www.nerc.com/pa/RAPA/Pages/ITCS.aspx.

This methodology developed a current model and series of scenarios to explore how different assumptions impact resource adequacy. This sensitivity analysis includes assumptions regarding load growth, generation build-outs and retirements, and transfer capabilities. By comparing the results of the current model with the scenario results, we can assess how generation retirements and load growth affect future generation needs.

The assessment uses data from 2007–2013 (synthetic weather data) and 2019–2023 (historical data). A brief summary of the methodological assumptions is provided here, with additional details available in the relevant appendixes.

- **Solar and Wind Availability** – Created from historical output from EIA 930 data, with bias correction of any nonhistorical data to match regional capacity factors, as calibrated to EIA 930 data.[17] Synthetic years used 2018 technology characteristics from NREL based on the Variable Energy Potential (reV) model, then mapped to synthetic weather year data. See Appendix A for more details.

- **Thermal Availability** – Calculated according to NERC LTRA capacity data, adjusted for historical outages and derates, primarily with GADS data. GADS data does not capture historical outages caused by fuel supply interruptions.[18]

- **Hydroelectric Availability** – Historical outputs are processed by NERC to establish monthly power rating limits and energy budgets, but energy budgets are not enforced in alignment with how they were treated in the ITCS. The team evaluated performance under different energy budget restrictions, but did not find significant differences during peak hours, justifying NERC ITCS assumptions that hydroelectric resources could generally be dispatched to peak load conditions. Later work may benefit from exploring drought scenarios or combinations of weather and hydrological years, where energy budgets may be significantly decreased.

- **Outages and Derates** – Data for the actual data period (2019–2023) are based on historical forced outage rates and deratings. Outage and deratings data for the synthetic period (2007–2013) are based on the historical relationships observed between temperature and outages (see Appendix G of the NERC ITCS Final Report for more information).

- **Load Projections and AI Growth** – Load growth through 2030 is assumed to match NERC 2024 ITCS projections, scaling the 12 weather years to meet 2030 projections. Additional AI and data center load is then added according to reports from EPRI and S&P regarding potential futures.

- **Transfer Capabilities and Imports/Exports -** Each subregion is treated as a “copper plate,” with the transfer capacity between each subregion defined by the availability of transmission pathways. It is an approximation that assumes all resources are connected to a single point, simplifying the transmission system within the model. Subregions are generally assumed to exhaust their own capacity before utilizing capacity available from their neighbors. Once the net remaining capacity is at or below 10 percent of load, the subregion begins to use capacity from a neighbor.

17. See ITCS Final Report, Appendix F, for the method that was implemented to scale synthetic weather years 2007–2013.
18. See ITCS Final Report, Appendix G, for outage and derate methods.

  - Imports are assumed to be available up to the minimum total transfer capacity and spare generation in the neighboring subregion.

  - To the extent the remaining capacity after transmission and demand response falls below the 6 percent or 3 percent needed for error forecasting and ancillary services, depending on the scenario, the model projects an energy shortfall. See "Outputs" in the appendix for more details.

  - To ensure that transfers are dispatched only after local resources are exhausted, a wheeling charge of $1,000 is applied for every megawatt-hour of energy transferred between regions through transmission pathways.

- **Storage** – In alignment with the NERC ITCS methodology, storage was split into pumped hydro and battery storage. Pumped hydro was assumed to have 12 hours duration at rated capacity with 30% round-trip losses, while battery storage was assumed to have four hours and 13% round-trip losses. Storage is dispatched as an optimization to minimize USE and demand response usage under various constraints and is recharged during periods of surplus energy.
- **Demand Response –** Demand Response (DR) is treated as a supply-side resource and dynamically scheduled after all other regional resources and imports are exhausted. It is modeled with both capacity (MW) and energy (MWh) limitations and assumed to have three hours of availability at capacity but could be spread across more than three hours up to the energy limit. DR capacity was based on LTRA Form A data submissions for "Controllable and Dispatchable Demand Response – Available", or firm, controllable DR capacity.
- **Retirements** – Retirements as per the NERC LTRA 2024 model. To disaggregate generation capacity from the NERC assessment areas to the ITCS regions, EIA 860 plant level data are used to tabulate generation retirement or addition capacity for each ITCS region and NERC assessment area. Disaggregation fractions are then calculated by technology based on planned retirements through 2030. See Appendix B for further information. Retirements are categorized into two categories:

  1. *Announced Retirements*: Includes both confirmed retirements and announced retirements. Confirmed retirements are generators formally recognized by system operators as having started the official retirement process and are assumed to retire on their expected date. To go from LTRA regions to ITCS regions, weighting factors are derived in the same way as in the generation set, based on EIA retirement data. In addition to confirmed retirements, announced retirements are generators that have publicly stated retirement plans that have not formally notified system operators and initiated the retirement process. This disaggregation method for announced retirements mirrors used for confirmed retirements.[19]

  2. *None*: Removes all retirements (after 2024) for comparison. Delaying or canceling some near-term retirements may not be feasible, but this case can help determine how much retirement contributes to some of the adequacy challenges in some regions.

- **Additions** – Assumes only projects that are very mature in the pipeline (such as those with a signed interconnection agreement) will be built. This data is based on projects

19. If announced retirements were less than or equal to confirmed retirements, the model adjusted the announced retirement to equal confirmed.

designated as Tier 1 in the NERC 2024 LTRA and are mapped to ITCS regions with EIA 860-derived weighting factors similar to those described for the retirements above. See Appendix A for further information.

- **Perfect Capacity Required** - Estimates perfect capacity (which is idealized capacity that has no outages or profile and is described in Section 2) until we reach a pre-defined reliability target. We used a metric of NUSE given the deterministic nature of the model, to be consistent with evolving metrics, and to be consistent with NERC's recent LTRAs. We targeted NUSE of below 0.002% for each region.

1.1 Modeling Resource Adequacy

This model calculates several reliability metrics to assess resource adequacy. These metrics were calculated using PLEXOS simulation outputs, which report the USE (in MWh) for all 8,760 hourly periods in each of the 12 weather years:

- **USE** refers to the amount of electricity demand that could not be met due to insufficient generation and/or transmission capacity. Several USE-derived indicators were considered:
    - *Normalized USE (percentage %):* The total amount of unserved load over 12 years of weather data, normalized by dividing by total load, and reported as a percentage.[20]
    - *Mean Annual USE (GWh)*: The 12-year average of each region's total USE in each weather year. This mean value represents the average annual USE across weather variability.
    - *Mean Max Unserved Power (GW)*: The 12-year average of each region's maximum USE value in each weather year. This mean value characterizes the typical non-coincident peak stress on system reliability.
    - *% Max Unserved Power*: The Mean Max Unserved Power expressed as a percentage of the average native load during those peak unserved hours for each region. This percentage value provides a normalized measure of the severity of peak unserved events relative to demand.
    - *Total number of customers without power*. The Mean Max Unserved Power expressed as the equivalent number of typical U.S. persons assuming a ratio of 17,625 persons/MW lost. This estimation contextualizes the effects of the outage on average Americans.
- **Loss of Load Hours (LOLH)** refers to the number of hours during which the system experiences USE (i.e., any hour with non-zero USE). Two LOLH-based indicators were considered:

20. NUSE can be reported as parts per million or as a percentage (or parts per hundred); though for power system reliability, this would include several zeros after the decimal point.

- *Mean Annual LOLH*: for each weather year and *TPR*, we count the total number of hours with USE across all 8,760 hours, and we then take the average of those 12 totals. *Annual LOLH Distribution* is represented in box and whisker plots for 12 samples, each sample corresponding to a unique weather year.

- *Max Consecutive LOLH (hours)*[21]: The longest continuous period with reported USE in each weather year.

It should be noted that USE is not an indication that reliability coordinators would allow this level of load growth to jeopardize the reliability of the system. Rather, it represents the unrealizable AI and data center load growth under the given assumptions for generator build outs by 2030, generator retirements by 2030, reserve requirements, and potential load growth. These numbers are used as indicators to determine where it may be beneficial to encourage increased generation and transmission capacity to meet an expected need.

This study does not employ common probabilistic industry metrics such as EUE or LOLE due to their reliance on probabilistic modeling. Instead, deterministic equivalents are used.

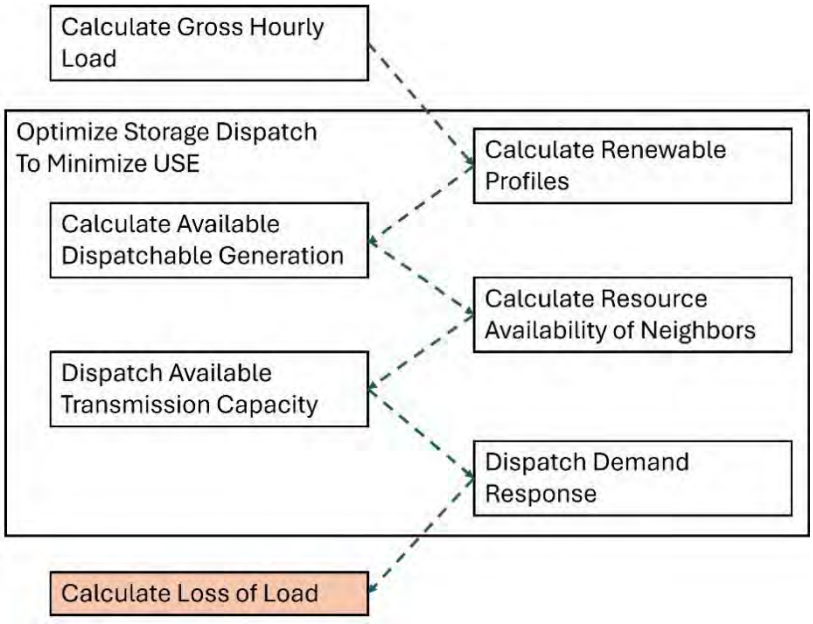


Figure 6. Simplified Overview of Model

21. One caveat on the maximum consecutive LOLH and max USE values is in how storage is dispatched in the model. Storage is dispatched to minimize the overall USE and is indifferent to the peak depth or the duration of the event. This may construe some of the max USE and max consecutive LOLH values to be higher than if storage was dispatched to minimize these values.

1.2 Planning Years and Weather Years

For the planning year (2030), historical weather year data are applied based on conditions between 2007 and 2024 to calculate load, wind and solar generation, and hydro generation. Dispatchable capacity (including dispatchable hydro capacity) is calculated through adjustment of the 2024 LTRA capacity data for historical outages from GADS data. Storage assets are scheduled to arbitrage hourly energy margins or else charge during periods of high energy margins (surplus resources) and discharge during periods of lower energy margins.

1.3 Load Modeling

Data Center Growth

Several utilities and financial and industry analysts identify data centers, particularly those supporting AI workloads, as a key driver of electricity demand growth. Multiple organizations have developed a wide range of projections for U.S. data center electricity use through 2030 and beyond, each using distinct methodologies tailored to their institutional expertise.

These datasets were used to explore reasonable boundaries for what different parts of the economy envision for the future state of AI and data center (AI/DC) load growth. For the purposes of this study, rather than focusing on any specific analysis, a more generic sweep was performed across AI/DC load growth and the various sensitivities that fit within those assumptions, as summarized below:

- McKinsey & Company projects ~10% annual growth in U.S. data center electricity demand, reaching 2,445 TWh by 2050. Their model blends internal scenarios with public signals, including announced projects, capital investment, server shipments, and chip-level power trends, supported by third-party market data.

- Lawrence Berkeley National Laboratory (LBNL) uses a bottom-up approach based on historical and projected IT equipment shipments, paired with assumptions on power draw, utilization, and infrastructure efficiency (PUE, WUE). Their projections through 2028 account for AI hardware adoption, operational shifts, and evolving cooling technologies.

- EPRI combines public data, expert input, and historical trends to define four national growth scenarios, low to higher, for 2023–2030, reflecting data processing demand, efficiency improvements, and AI-driven load impacts.

- S&P Global merges technology and power-sector models, evaluating grid readiness and facility growth under varying demand scenarios. Their forecasts consider AI adoption, efficiency trends, grid and permitting constraints, on-site generation, and offshoring risk, resulting in a wide range of outcomes.

These projections show wide variation, with 2030 electricity demand ranging from approximately 35 GW to 108 GW of average load. Given this uncertainty, including differences in hardware intensity, thermal management, siting assumptions, and behind-the-meter generation, the modeling team adopted a national midpoint assumption of approximately 50 GW by 2030.

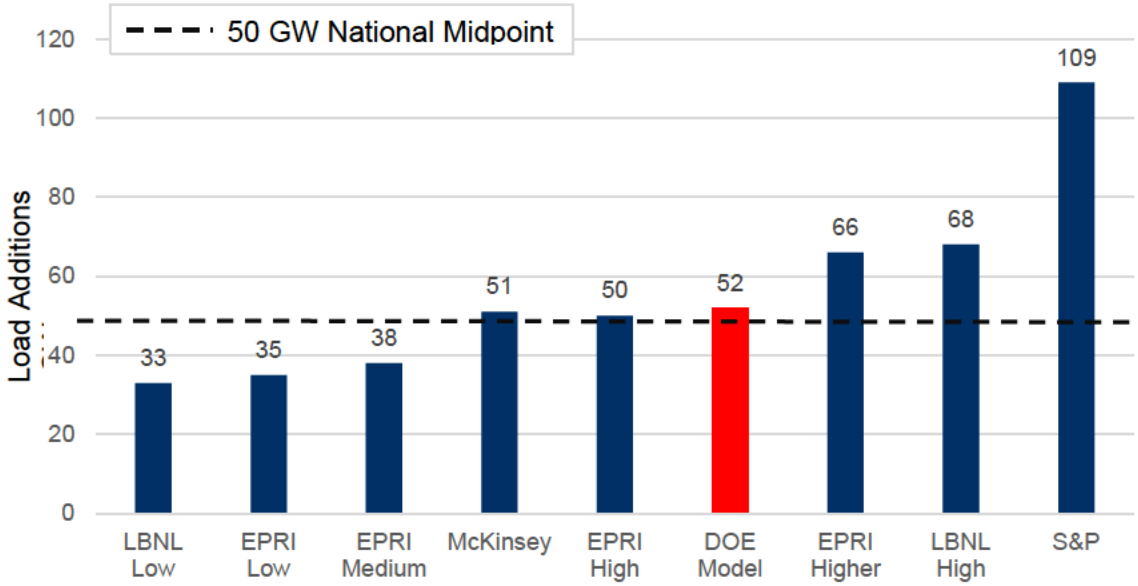


Figure 7. 2024 to 2030 Projected Data Center Load Additions

Figure 2 above displays a benchmark reflecting the median across major studies and aligns with central projections from EPRI and LBNL. Using a single planning midpoint avoids double counting and enables consistent load allocation across national transmission and resource adequacy models.

Data Center Allocation Method

To allocate the 50 GW midpoint regionally, the team used state-level growth ratios from S&P's forecast. These ratios reflect factors such as infrastructure, siting trends, and projected market activity. The modeling team mapped the state-level projections to NERC TPRs, ensuring transparent and repeatable regional allocation. While other methods exist, this approach ensured consistency with the broader modeling framework.

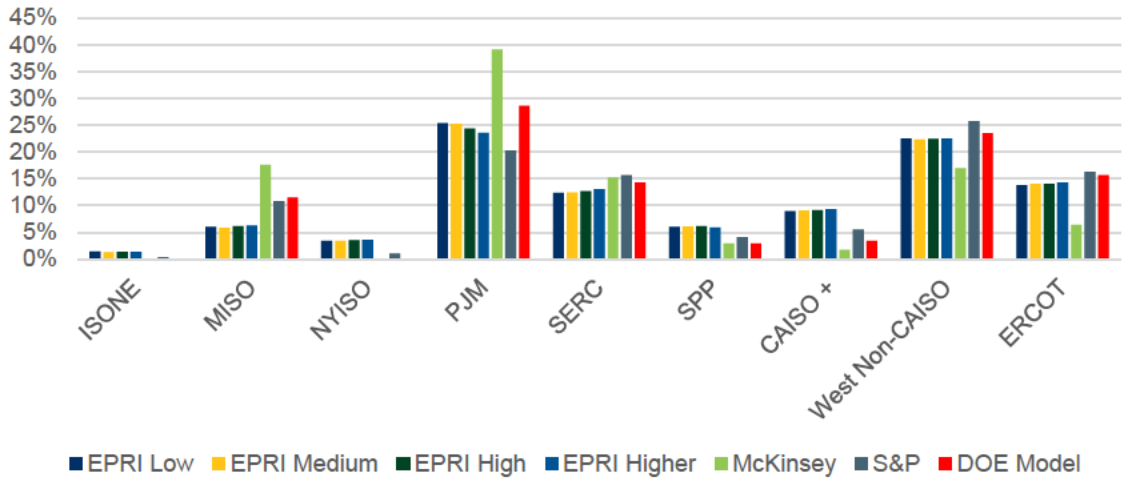


Figure 8. New Data Center Build (% Split by ISO/RTO) (2030 Estimated)

Non-Data Center Load Modeling

The current electricity demand projections were built from NERC data, using historical load (2019–2023) and simulated weather years (2007–2013). These were adjusted based on the EIA's 2022 energy forecast. To estimate 2030 demand, the team interpolated between 2024 and 2033, scaling loads to reflect energy use and seasonal peaks. NERC provided datasets to address anomalies and include behind-the-meter and USE.

Given the rapid emergence of AI/DC loads, additional steps were taken to account for this category of demand. It is difficult to determine how much AI/DC load is already embedded in NERC LTRA forecast, for example, the 2024 LTRA saw more than 50GW increase from 2023, signaling a major shift in utility expectations. To benchmark existing AI/DC contribution, DOE assumed base 2023 AI/DC load equaled the EPRI low-growth case of 166 TWh.

Overall Impact on Projected Peak Load

As a result of the methods applied above, the average year co-incident peak load is projected to grow from a current average peak of 774 GW to 889 GW in 2030. This represents a 15% increase or 2.3% growth rate per year. Excluding the impact of data centers, this would amount to a 51GW increase from 774 GW to 826 GW which represents a 1.1% annual growth rate.

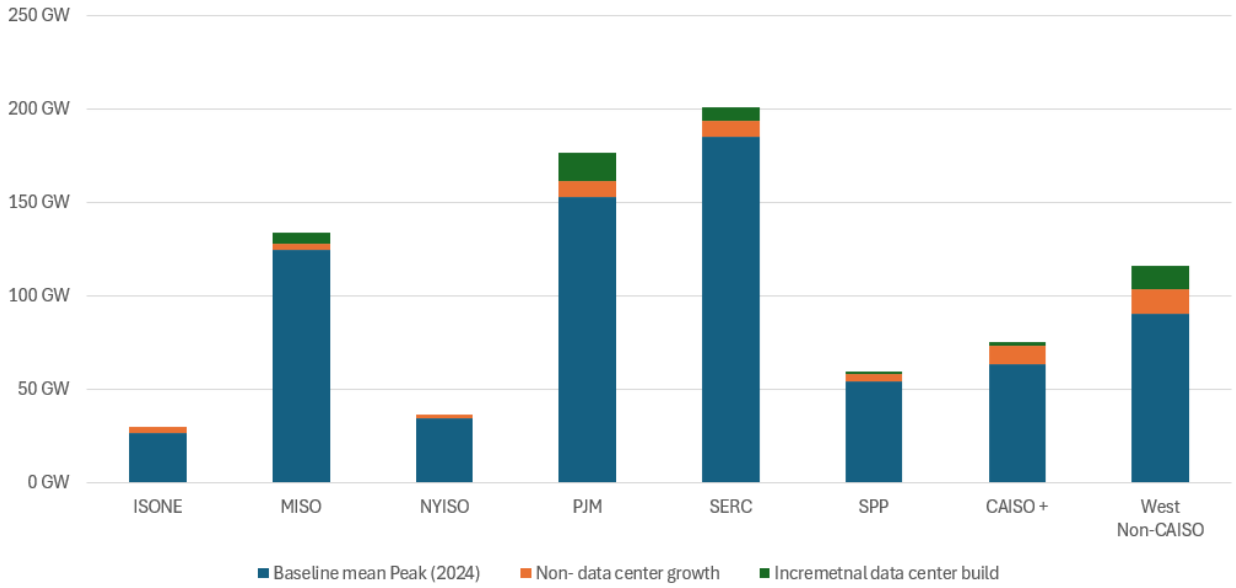


Figure 9. Mean Peak Load by RTO (Current Case vs 2030 Case)

1.4 Transfer Capabilities and Import Export Modeling

The methodology assumes electricity moves between subregions, when conditions start to tighten. Each region has a certain amount of capacity available, and the methodology determines if there is enough to meet the demand. When regions reach a “Tight Margin Level” of 10% of capacity, i.e., if a region’s available capacity is less than 110% of load, it will start transferring from other regions if capacity is available. A scarcity factor is used to determine which regions to transfer from and at what fraction – those with a greater amount of reserve capacity will transfer more. A region is only allowed to export above when it is above the Tight Margin Level.

Total Transfer Capability (TTC) was used and is the sum of the Base Transfer Level and the First Contingency Incremental Transfer Capability. These were derived from scheduled interchange tables or approximated from actual line flows. It should be noted that the TTC does not represent a single line, but rather multiple connections between regions. It is similar to path limits used by many entities but may have different values.

Due to data and privacy limitations, the Canadian power system was not modeled directly as a combination of generation capacity and demand. Instead, actual hourly imports were used from nearly 20 years of historical data, along with recent trends (generally less transfers available during peak hours), to develop daily limits on transfer capabilities. See Appendix B for more details on Canadian transfer limits.

1.5 Perfect Capacity Additions

To understand how much capacity may need to be added to reach approximate reliability targets, we tuned two scenarios by adding hypothetical perfect capacity to reach the reliability threshold based on NUSE.[22] Today, NERC uses a threshold of 0.002% to indicate regions are at high risk of resource adequacy shortfalls. In addition, several system operators, including the Australia Energy Market Operator and Alberta Electric System Operator, are using NUSE thresholds in the range of 0.001% to 0.003%. Several U.S. entities are considering lower thresholds for U.S. power systems in the range of 0.0001% to 0.0002%. [23]

For this analysis, we target NUSE below 0.002% for each region to align with NERC definitions. We iteratively ran the model, hand-tuning the "perfect capacity" to be as small as possible while reaching NUSE values below 0.002% in all regions.[24] As the work was done by hand with a limited number of iterations (15), this should not be considered the minimum possible capacity to accomplish these targets. Further, because the perfect capacity can be located in various places, there would be multiple potential solutions to the problem. These scenarios represent the approximate quantity of perfect capacity each region would require (beyond announced retirements and mature generation additions only) that would lead to Medium or Low risk based on the NERC metrics for USE.

Due to some regions with zero USE, the tuned cases do not reach the same level of adequacy, where the national average is 0.00045% vs. 0.00013%. Due to transmission and siting selection of perfect capacity, there could be many solutions.

22. We are not using the standard term "expected unserved energy" because we are not running a probabilistic model, so we do not have the full understanding of long-term expectations

23. MISO, "Resource Adequacy Metrics and Criteria Roadmap," December 2024. https://cdn.misoenergy.org/Resource%20Adequacy%20Metrics%20and%20Criteria%20Roadmap667168.pdf.

24. NERC, "Evolving Criteria for a Sustainable Power Grid," July 2024. https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/Evolving_Planning_Criteria_for_a_Sustainable_Power_Grid.pdf.

2 Regional Analysis

This section presents more regional details on resource adequacy according to this analysis. For each of the nine Regional Transmission Organizations (RTOs) and sub-regions, comprehensive summaries are provided of reliability metrics, load assumptions, and composition of generation stacks.

2.1 MISO[25]

In the current system model and the No Plant Closures cases, MISO did not experience shortfall events. MISO's minimum spare capacity in the tightest year was negative, showing that adequacy was achieved by importing power from neighbors. In the Plant Closures case, MISO experienced significant shortfalls, with key reliability metrics exceeding each of the threshold criteria defined for the study.

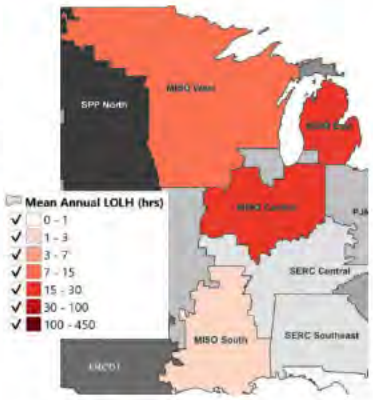


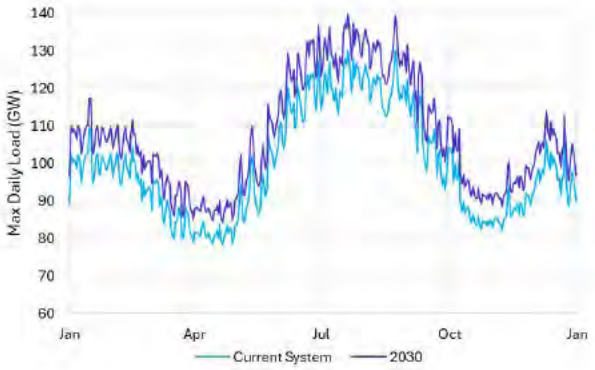
Table 2. Summary of MISO Reliability Metrics

Reliability Metric	Current System	2030 Projection Plant Closures	2030 Projection No Plant Closures	2030 Projection Required Build
AVERAGE OVER 12 WEATHER YEARS				
Average Loss of Load Hours	-	37.8	-	-
Normalized Unserved Energy (%)	-	0.0211	-	-
Unserved Load (MWh)	-	157,599	-	-
WORST WEATHER YEAR				
Max Loss of Load Hours in Single Year	-	124	-	-
Normalized Unserved Load (%)	-	0.0702	-	-
Unserved Load (MWh)	-	524,180	-	-

Load Assumptions

MISO's peak load was roughly 130 GW in the current model and projected to increase to roughly 140 GW by 2030. Approximately 6 GW of this relates to new data centers being installed (12% of U.S. total).

25. Following the initial data collection for this report, MISO issued its 2025 Summer Reliability Assessment. Based on that report, NERC revised evaluations from its 2024 LTRA and reclassified the MISO footprint from being an 'elevated risk' to 'high risk' in the 2028–2031 timeframe, depending on new resource additions/retirements. While DOE's analysis is based on the previously reported figures, DOE is committed to assessing the implications of updated data on overall resource adequacy and providing technical updates on findings, as appropriate.



Subregion	2024	2030
MISO-W	37,913	40,981
MISO-C	35,387	39,243
MISO-S	36,476	38,596
MISO-E	23,167	23,758
Total	**130,136**	**139,846**

Figure 10. MISO Max Daily Load in the Current System versus 2030

Generation Stack

Total installed generating capacity for 2024 was approximately 207 GW.[26] In 2030, 21 GW of new capacity was added leading to 228 GW of capacity in the No Plant Closures case. In the Plant Closures case, 32 GW of capacity was retired such that net retirements in the Plant Closures case were -11 GW, or 196 GW of overall installed capacity on the system.

Subregion	Current System	2030 Plant Closures	2030 No Plant Closures
MISO-W	71,612	67,453	77,605
MISO-C	51,982	47,735	58,823
MISO-S	54,511	52,756	59,710
MISO-E	29,213	28,105	32,255
Total	**207,319**	**196,049**	**228,393**

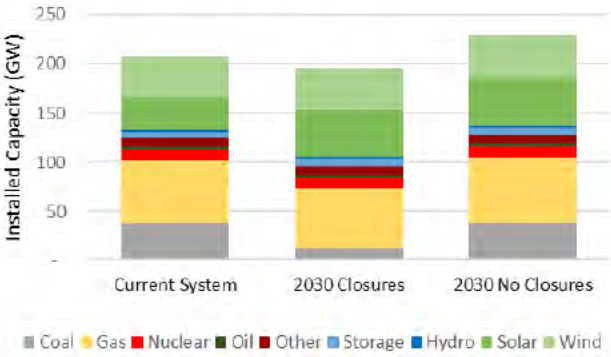


Figure 11. MISO Generation Capacity by Technology and Scenario

MISO's generation mix was comprised primarily of natural gas, coal, wind, and solar. In 2024, natural gas comprised 31% of nameplate, wind comprised 20%, coal 18%, and solar 14%. In 2030, most retirements come from coal and natural gas while additions occur for solar, batteries, and wind. In addition, the model assumed 3 GW of rooftop solar and 8 GW of demand response.

26. The total installed capacity numbers reported in this regional analysis section do not reflect the generating capability of all resources during stress conditions.

Table 3. Nameplate Capacity by MISO Subregion and Technology (MW)

	Coal	Gas	Nuclear	Oil	Other	Storage	Hydro	Solar	Wind	Total
2024	**37,914**	**64,194**	**11,127**	**2,867**	**8,717**	**5,427**	**2,533**	**32,826**	**41,715**	**207,319**
MISO-W	12,651	13,608	2,753	1,491	2,613	200	777	8,109	29,411	**71,612**
MISO-C	15,050	10,307	2,169	494	2,211	1,272	769	12,361	7,350	**51,982**
MISO-S	5,493	31,052	5,100	589	2,469	54	845	8,315	596	**54,511**
MISO-E	4,720	9,227	1,105	292	1,424	3,901	143	4,042	4,359	**29,213**
Additions	**0**	**2,535**	**0**	**330**	**0**	**1,929**	**0**	**14,354**	**1,926**	**21,074**
MISO-W	0	537	0	172	0	374	0	3,552	1,358	**5,993**
MISO-C	0	407	0	57	0	934	0	5,103	339	**6,841**
MISO-S	0	1,226	0	68	0	9	0	3,868	27	**5,199**
MISO-E	0	364	0	34	0	611	0	1,831	201	**3,042**
Closures	**(24,913)**	**(6,597)**	**0**	**(324)**	**(140)**	**(16)**	**(83)**	**0**	**(272)**	**(32,345)**
MISO-W	(8,313)	(1,398)	0	(168)	(56)	0	(25)	0	(192)	**(10,152)**
MISO-C	(9,889)	(1,059)	0	(56)	(7)	(3)	(25)	0	(48)	**(11,088)**
MISO-S	(3,609)	(3,191)	0	(67)	(55)	(0)	(28)	0	(4)	**(6,954)**
MISO-E	(3,102)	(948)	0	(33)	(21)	(13)	(5)	0	(28)	**(4,150)**

2.2 ISO-NE

In the current system model and the No Plant Closures case, ISO-NE did not experience shortfall events. The region maintained adequacy throughout the study period through reliance on imports. In the Plant Closures case, ISO-NE still did not exceed any key reliability thresholds, despite moderate retirements. This finding is partly due to the absence of additional AI or data center load growth modeled in the region. Accordingly, no additional perfect capacity was deemed necessary by 2030 to meet the study's reliability standards.

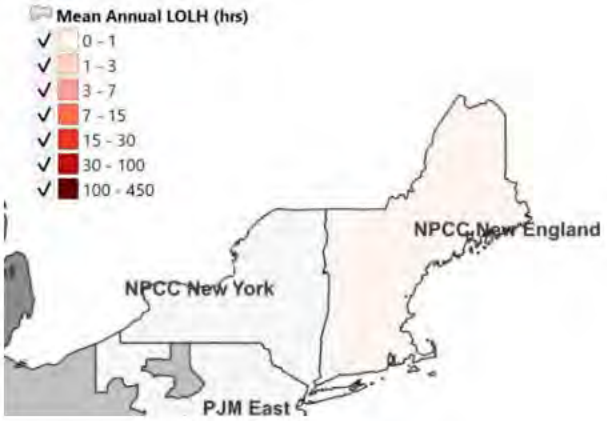
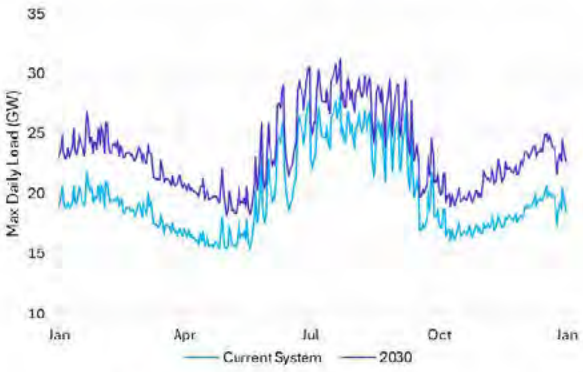


Table 4. Summary of ISO-NE Reliability Metrics

Reliability Metric	Current System	2030 Projection		
		Plant Closures	No Plant Closures	Required Build
AVERAGE OVER 12 WEATHER YEARS				
Average Loss of Load Hours	-	-	-	-
Normalized Unserved Energy (%)	-	-	-	-
Unserved Load (MWh)	-	-	-	-
WORST WEATHER YEAR				
Max Loss of Load Hours in Single Year	-	-	-	-
Normalized Unserved Load (%)	-	-	-	-
Unserved Load (MWh)	-	-	-	-
Max Unserved Load (MW)	-	-	-	-

Load Assumptions

ISO-NE's peak load was roughly 28 GW in the current model and projected to increase to roughly 31 GW by 2030. No additional AI/DCs were projected to be installed.



Subregion	2024	2030
ISO-NE	28,128	31,261
Total	**28,128**	**31,261**

Figure 12. ISO-NE Max Daily Load in the Current System versus 2030

Generation Stack

Total installed generating capacity for 2024 was approximately 40 GW. In 2030, 5.5 GW of new capacity was added leading to 45.5 GW of capacity in the No Plant Closures case. In the Plant Closures case, 2.7 GW of capacity was retired such that net generation change in the Plant Closures case was +11 GW, or 42.8 GW of overall installed capacity on the system.

Subregion	Current System	2030 Plant Closures	2030 No Plant Closures
ISO-NE	39,979	42,845	45,534
Total	**39,979**	**42,845**	**45,534**

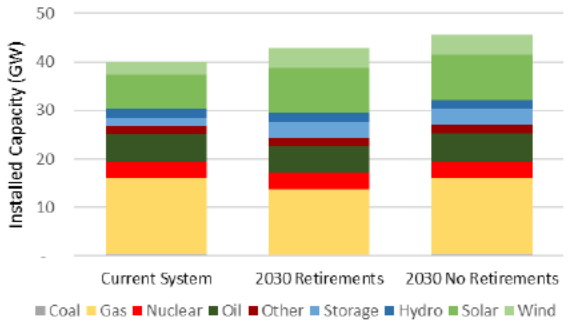


Figure 13. ISO-NE Generation Capacity by Technology and Scenario

ISO-NE's generation mix was comprised primarily of natural gas, solar, oil, and nuclear. In 2024, natural gas comprised 39% of nameplate, solar comprised 17%, oil 14%, and nuclear 8%. In 2030, most retirements come from coal and natural gas while additions occur for solar, storage, and wind. The model assumed nearly 2 GW of rooftop solar and 1.6 GW of energy storage.

Table 5. Nameplate Capacity by ISO-NE Subregion and Technology (MW)

	Coal	Gas	Nuclear	Oil	Other	Storage	Hydro	Solar	Wind	Total
2024	**541**	**15,494**	**3,331**	**5,710**	**1,712**	**1,628**	**1,911**	**7,099**	**2,553**	**39,979**
ISONE	541	15,494	3,331	5,710	1,712	1,628	1,911	7,099	2,553	**39,979**
Additions	**0**	**90**	**0**	**181**	**0**	**1,607**	**0**	**2,183**	**1,495**	**5,555**
ISONE	0	90	0	181	0	1,607	0	2,183	1,495	**5,555**
Closures	**(534)**	**(1,875)**	**0**	**(203)**	**(77)**	**0**	**0**	**0**	**0**	**(2,690)**
ISONE	(534)	(1,875)	0	(203)	(77)	0	0	0	0	**(2,690)**

2.3 NYISO

In both the current system model and the No Plant Closures case, NYISO maintained reliability and did not exceed any shortfall thresholds. Adequacy was preserved through reliance on imports. In the Plant Closures case, NYISO experienced shortfalls but average annual LOLH remaining well below the 2.4-hour threshold and NUSE under the 0.002% standard. The worst weather year produced only 6 hours of lost load and a peak unserved load of 914 MW. Given the modest impact of retirements and no additional AI/data center load modeled, the study concluded that NYISO would not require additional perfect capacity to remain reliable through 2030.

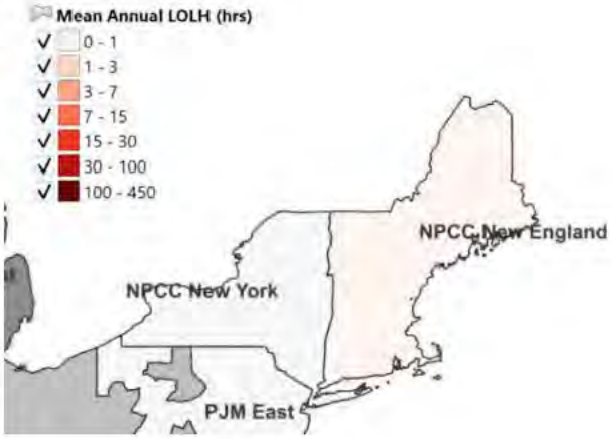
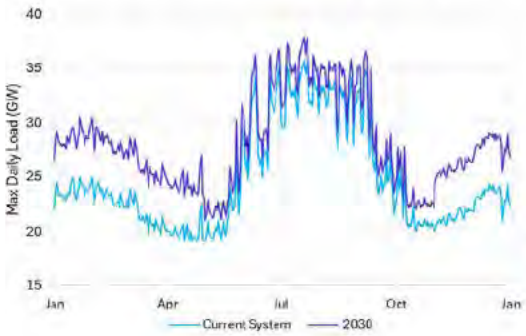


Table 6. Summary of NYISO Reliability Metrics

Reliability Metric	Current System	2030 Projection		
		Plant Closures	No Plant Closures	Required Build
AVERAGE OVER 12 WEATHER YEARS				
Average Loss of Load Hours	0.2	0.5	-	-
Normalized Unserved Energy (%)	0.00001	0.0001	-	-
Unserved Load (MWh)	18	209	-	-
WORST WEATHER YEAR				
Max Loss of Load Hours in Single Year	2	6	-	-
Normalized Unserved Load (%)	0.0001	0.0013	-	-
Unserved Load (MWh)	216	2,505	-	-
Max Unserved Load (MW)	194	914	-	-

Load Assumptions

NYISO's peak load was roughly 36 GW in the current system model and projected to increase to roughly 38 GW by 2030. No additional AI/DCs were projected to be installed.



Subregion	2024	2030
NYISO	35,669	37,844
Total	35,669	37,844

Figure 14. NYISO Max Daily Load in the Current System versus 2030

Generation Stack

Total installed generating capacity for 2024 was approximately 46 GW. In 2030, 5.5 GW of new capacity was added leading to 51 GW of capacity in the No Plant Closures case. In the Plant Closures case, 1 GW of capacity was retired such that net generation in the Plant Closures case was +4 GW, or 50 GW of overall installed capacity on the system.

Subregion	Current System	2030 Plant Closures	2030 No Plant Closures
NYISO	45,924	50,396	51,444
Total	**45,924**	**50,396**	**51,444**

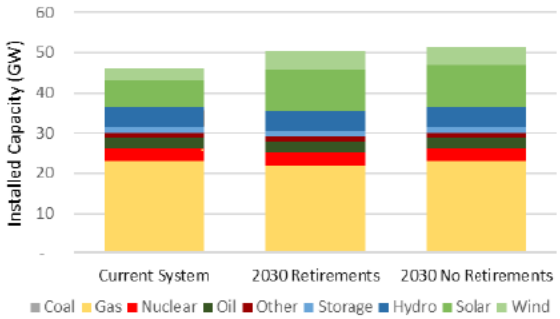


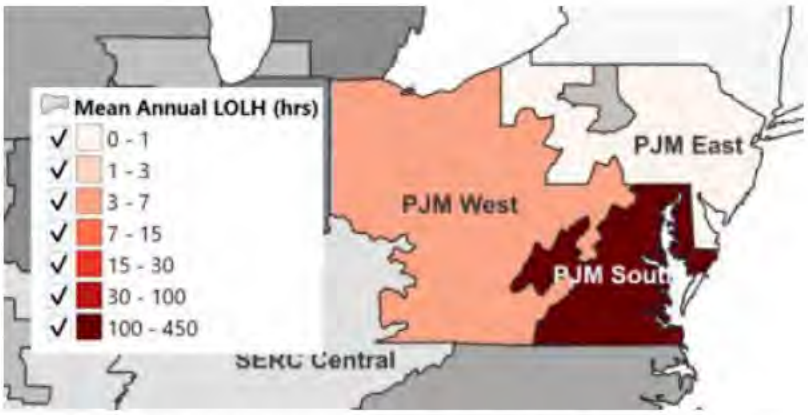
Figure 15. NYISO Generation Capacity by Technology and Scenario

NYISO's generation mix was comprised primarily of natural gas, solar, and hydro. In 2024, natural gas comprised 50% of total nameplate generation, solar comprised 14%, and hydro 11%. In 2030, most retirements come from natural gas while additions occur for solar and wind. The model assumed 6 GW of rooftop solar and nearly 1 GW of demand response.

Table 7. Nameplate Capacity by NYISO Subregion and Technology (MW)

	Coal	Gas	Nuclear	Oil	Other	Storage	Hydro	Solar	Wind	Total
2024	**0**	**22,937**	**3,330**	**2,631**	**1,194**	**1,460**	**4,915**	**6,749**	**2,706**	**45,924**
NYISO	0	22,937	3,330	2,631	1,194	1,460	4,915	6,749	2,706	**45,924**
Additions	**0**	**0**	**0**	**15**	**0**	**0**	**0**	**3,604**	**1,902**	**5,521**
NYISO	0	0	0	15	0	0	0	3,604	1,902	**5,521**
Closures	**0**	**(1,030)**	**0**	**(19)**	**0**	**0**	**0**	**0**	**0**	**(1,049)**
NYISO	0	(1,030)	0	(19)	0	0	0	0	0	**(1,049)**

2.4 PJM



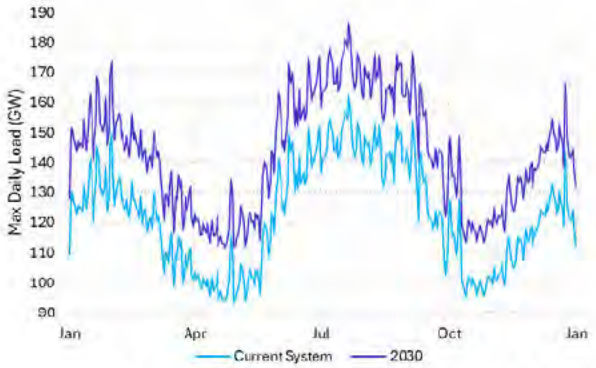
In the current system model, PJM experienced shortfalls, but they were below the required threshold. In the No Plant Closures case, shortfalls increased dramatically, with 214 average annual LOLH and peak unserved load reaching 17,620 MW, indicating growing strain even without retirements. In the Plant Closures case, reliability metrics worsened significantly, with annual LOLH surging to over 430 hours per year and NUSE reaching 0.1473%—over 70 times the accepted threshold. During the worst weather year, 1,052 hours of load were shed. To restore reliability, the study found that PJM would require 10,500 MW of additional perfect capacity by 2030.

Table 8. Summary of PJM Reliability Metrics

Reliability Metric	Current System	2030 Projection Plant Closures	2030 Projection No Plant Closures	2030 Projection Required Build
AVERAGE OVER 12 WEATHER YEARS				
Average Loss of Load Hours	2.4	430.3	213.7	1.4
Normalized Unserved Energy (%)	0.0008	0.1473	0.0657	0.0003
Unserved Load (MWh)	6,891	1,453,513	647,893	2,536
WORST WEATHER YEAR				
Max Loss of Load Hours in Single Year	29	1,052	644	17
Normalized Unserved Load (%)	0.0100	0.4580	0.2703	0.0031
Unserved Load (MWh)	82,687	1,453,513	647,893	2,536
Max Unserved Load (MW)	4,975	21,335	17,620	4,162

Load Assumptions

PJM's peak load was roughly 162 GW in the current system model and projected to increase to roughly 187 GW by 2030. Approximately 15 GW of this relates to new AI/DC being installed (29% of U.S. total), primarily in PJM-S.



Subregion	2024	2030
PJM-W	81,541	92,378
PJM-S	39,904	51,151
PJM-E	41,003	43,118
Total	**162,269**	**186,627**

Figure 16. PJM Max Daily Load in the Current System versus 2030

Generation Stack

Total installed generating capacity for 2024 was approximately 215 GW. In 2030, 39 GW of new capacity was added leading to 254 GW of capacity in the No Plant Closures case. In the Plant Closures case, 17 GW of capacity was retired such that net generation in the Plant Closures case was +22 GW, or 237 GW of overall nameplate capacity on the system.

Subregion	Current System	2030 Plant Closures	2030 No Plant Closures
PJM-W	114,467	123,100	135,810
PJM-S	39,951	48,850	50,667
PJM-E	60,221	64,848	67,027
Total	**214,638**	**236,798**	**253,504**

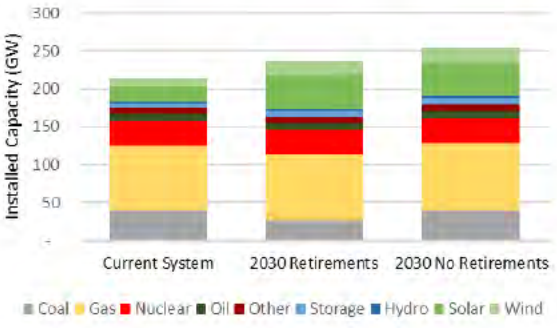


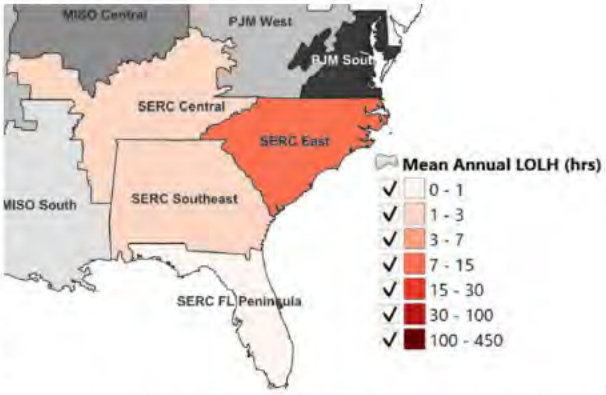
Figure 17. PJM Generation Capacity by Technology and Scenario

PJM's generation mix was comprised primarily of natural gas, coal, and nuclear. In 2024, natural gas comprised 39% of nameplate, coal comprised 19%, and nuclear 15%. In 2030, most retirements come from coal and some natural gas and oil while significant additions occur for solar plus lesser additions of wind, storage, and natural gas. The model assumed 9 GW of rooftop solar and 7 GW of demand response.

Table 9. Nameplate Capacity by PJM Subregion and Technology (MW)

	Coal	Gas	Nuclear	Oil	Other	Storage	Hydro	Solar	Wind	Total
2024	**39,915**	**84,381**	**32,535**	**9,875**	**8,248**	**5,400**	**3,071**	**19,495**	**11,718**	**214,638**
PJM-W	34,917	39,056	16,557	1,933	3,926	383	1,252	6,379	10,065	**114,467**
PJM-S	2,391	15,038	5,288	3,985	2,303	3,085	1,070	6,430	360	**39,951**
PJM-E	2,608	30,287	10,690	3,956	2,019	1,932	749	6,686	1,294	**60,221**
Additions	**0**	**4,499**	**0**	**32**	**317**	**1,938**	**0**	**24,991**	**7,089**	**38,866**
PJM-W	0	2,082	0	6	135	855	0	12,176	6,089	**21,343**
PJM-S	0	802	0	13	102	726	0	8,856	218	**10,717**
PJM-E	0	1,615	0	13	81	357	0	3,958	783	**6,806**
Closures	**(13,253)**	**(1,652)**	**0**	**(1,790)**	**(11)**	**0**	**0**	**0**	**0**	**(16,706)**
PJM-W	(11,593)	(765)	0	(350)	(1)	0	0	0	0	**(12,710)**
PJM-S	(794)	(294)	0	(722)	(6)	0	0	0	0	**(1,817)**
PJM-E	(866)	(593)	0	(717)	(3)	0	0	0	0	**(2,179)**

2.5 SERC



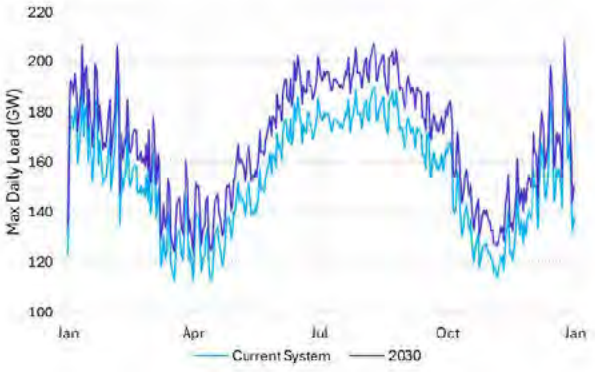
In the current system model and the No Plant Closures case, SERC maintained overall adequacy, though some subregions—particularly SERC-East—faced emerging winter reliability risks. In the Plant Closures case, shortfalls became more severe, with SERC-East experiencing increased unserved energy and loss of load hours during extreme cold events, including 42 hours of outages in a single winter storm. The analysis identified that planned retirements, combined with rising winter load from electrification, would stress the system. To restore reliability in SERC-East, the study found that 500 MW of additional perfect capacity would be needed by 2030. Other SERC subregions performed adequately, but continued monitoring is warranted due to shifting seasonal peaks and fuel supply vulnerabilities.

Table 10. Summary of SERC Reliability Metrics

Reliability Metric	Current System	2030 Projection		
		Plant Closures	No Plant Closures	Required Build
AVERAGE OVER 12 WEATHER YEARS				
Average Loss of Load Hours	0.3	8.1	1.2	0.8
Normalized Unserved Energy (%)	0.0001	0.0041	0.0004	0.0002
Unserved Load (MWh)	489	44,514	3,748	2,373
WORST WEATHER YEAR				
Max Loss of Load Hours in Single Year	4	42	14	10
Normalized Unserved Load (%)	0.0006	0.0428	0.0042	0.0026
Unserved Load (MWh)	5,683	465,392	44,977	2,373
Max Unserved Load (MW)	2,373	19,381	6,359	5,859

Load Assumptions

SERC's peak load was roughly 193 GW in the current system model and projected to increase to roughly 209 GW by 2030. Approximately 7.5 GW of this relates to new AI/DCs being installed (14% of U.S. total).



Subregion	2024	2030
SERC-C	50,787	52,153
SERC-SE	48,235	54,174
SERC-FL	58,882	62,572
SERC-E	51,693	56,313
Total	193,654	209,269

Figure 18. SERC Max Daily Load in the Current System versus 2030

Generation Stack

Total installed generating capacity for 2024 was approximately 254 GW. In 2030, 26 GW of new capacity was added leading to 279 GW of capacity in the No Plant Closures case. In the Plant Closures case, 19 GW of capacity was retired such that net generation change in the Plant Closures case was +7 GW, or 260 GW of overall installed capacity on the system.

Subregion	Current System	2030 Plant Closures	2030 No Plant Closures
SERC-C	53,978	54,014	59,660
SERC-SE	67,073	64,768	69,478
SERC-FL	72,714	83,127	86,173
SERC-E	59,914	58,513	63,973
Total	**253,680**	**260,423**	**279,285**

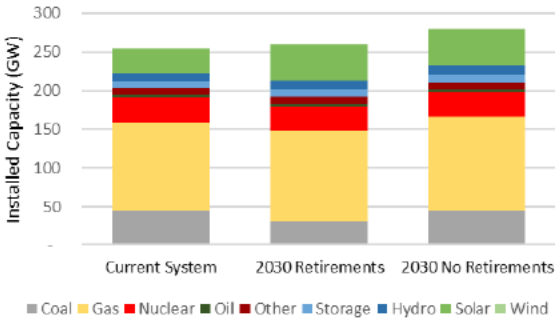


Figure 19. SERC Generation Capacity by Technology and Scenario

SERC's generation mix was comprised primarily of natural gas, coal, nuclear, and solar. In 2024, natural gas comprised 45% of nameplate, coal comprised 18%, nuclear 12%, and solar 11%. In 2030, most retirements come from coal and natural gas while additions occur for solar and some storage. The model assumed 3 GW of rooftop solar and 8 GW of demand response.

Table 11. Nameplate Capacity by SERC Subregion and Technology (MW)

	Coal	Gas	Nuclear	Oil	Other	Storage	Hydro	Solar	Wind	Total
2024	**45,747**	**113,334**	**31,702**	**4,063**	**8,779**	**7,469**	**11,425**	**30,180**	**982**	**253,680**
SERC-C	13,348	20,127	8,280	148	1,887	1,884	4,995	2,328	982	**53,978**
SERC-SE	13,275	29,866	8,018	915	2,493	1,662	3,260	7,584	0	**67,073**
SERC-FL	4,346	47,002	3,502	1,957	3,198	538	0	12,172	0	**72,714**
SERC-E	14,777	16,340	11,902	1,044	1,202	3,384	3,170	8,096	0	**59,914**
Additions	**0**	**6,898**	**0**	**0**	**381**	**2,254**	**0**	**16,073**	**0**	**25,606**
SERC-C	0	4,831	0	0	0	80	0	771	0	**5,682**
SERC-SE	0	906	0	0	19	0	0	3,135	0	**4,059**
SERC-FL	0	1,161	0	0	218	1,670	0	10,410	0	**13,459**
SERC-E	0	0	0	0	144	504	0	1,757	0	**2,405**
Closures	**(14,075)**	**(4,115)**	**0**	**(672)**	**0**	**0**	**0**	**0**	**0**	**(18,862)**
SERC-C	(4,465)	(1,181)	0	0	0	0	0	0	0	**(5,646)**
SERC-SE	(5,160)	(124)	0	(176)	0	0	0	0	0	**(5,460)**
SERC-FL	(1,495)	(1,071)	0	(480)	0	0	0	0	0	**(3,046)**
SERC-E	(2,955)	(1,739)	0	(16)	0	0	0	0	0	**(4,710)**

2.6 SPP

In the current system model, SPP experienced shortfalls, but they were below the required threshold. Adequacy was preserved through reliance on imports. In the No Plant Closures case, SPP experienced persistent reliability challenges, with average annual LOLH reaching approximately 48 hours per year and peak hourly shortfalls affecting up to 19% of demand. In the Plant Closures case, system conditions deteriorated further, with unserved energy and outage hours increasing substantially. These shortfalls were concentrated in the northern subregion, which lacks the firm generation and import capacity needed to meet peak winter demand. The analysis determined that 1,500 MW of additional perfect capacity would be needed in SPP by 2030 to restore reliability.

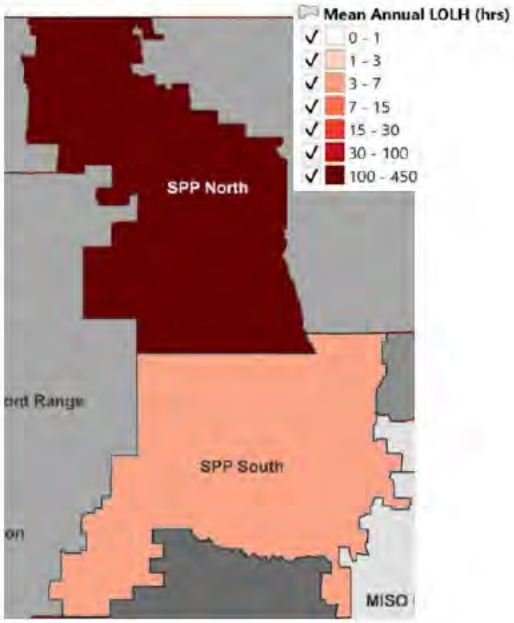
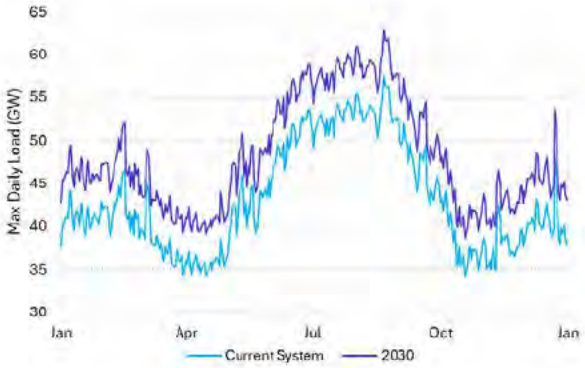


Table 12. Summary of SPP Reliability Metrics

Reliability Metric	Current System	2030 Projection Plant Closures	2030 Projection No Plant Closures	2030 Projection Required Build
AVERAGE OVER 12 WEATHER YEARS				
Average Loss of Load Hours	1.7	379.6	47.8	2.4
Normalized Unserved Energy (%)	0.0002	0.0911	0.0081	0.0002
Unserved Load (MWh)	541	313,797	27,697	803
WORST WEATHER YEAR				
Max Loss of Load Hours in Single Year	20	556	186	26
Normalized Unserved Load (%)	0.0022	0.2629	0.0475	0.0027
Unserved Load (MWh)	6,492	907,518	163,775	9,433
Max Unserved Load (MW)	606	13,263	2,432	762

Load Assumptions

SPP's peak load was roughly 57 GW in the current system model and projected to increase to roughly 63 GW by 2030. Approximately 1.5 GW of this relates to new AI/DCs being installed (3% of U.S. total).



Subregion	2024	2030
SPP-N	12,668	14,676
SPP-S	44,898	48,337
Total	**57,449**	**62,891**

Figure 20. SPP Max Daily Load in the Current System versus 2030

Generation Stack

Total installed generating capacity for 2024 was 95 GW. In 2030, 15 GW of new capacity was added leading to 110 GW of capacity in the No Plant Closures case. In the Plant Closures case, 7 GW of capacity was retired such that net generation change in the 2030 Plant Closures case was +8 GW, or 103 GW of overall installed capacity on the system.

Subregion	Current System	2030 Plant Closures	2030 No Plant Closures
SPP-N	20,065	20,679	22,385
SPP-S	75,078	82,451	88,064
Total	**95,142**	**103,130**	**110,449**

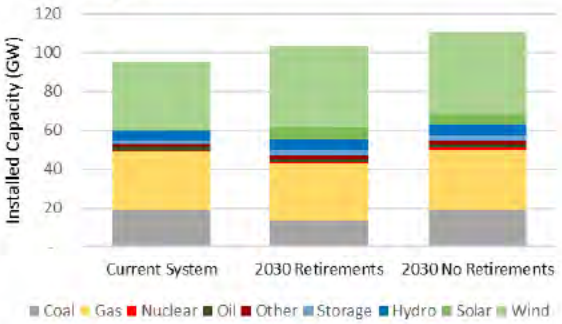


Figure 21. SPP Generation Capacity by Technology and Scenario

SPP's generation mix was comprised primarily of wind, natural gas, and coal. In 2024, wind comprised 36% of nameplate, natural gas comprised 32%, and coal 20%. In the 2030 case, most retirements come from coal and natural gas while additions occur for wind, solar, storage, and natural gas. The model assumed almost no rooftop solar and 1.3 GW of demand response.

Table 13. Nameplate Capacity by SPP Subregion and Technology (MW)

	Coal	Gas	Nuclear	Oil	Other	Storage	Hydro	Solar	Wind	Total
2024	**18,919**	**30,003**	**769**	**1,626**	**1,718**	**1,522**	**5,123**	**774**	**34,689**	**95,142**
SPP-N	5,089	3,467	304	504	519	8	3,041	91	7,041	**20,065**
SPP-S	13,829	26,536	465	1,121	1,199	1,514	2,082	683	27,649	**75,078**
Additions	**0**	**1,094**	**0**	**7**	**462**	**1,390**	**0**	**5,288**	**7,066**	**15,306**
SPP-N	0	126	0	2	114	11	0	633	1,434	**2,320**
SPP-S	0	968	0	5	348	1,379	0	4,655	5,632	**12,987**
Closures	**(5,530)**	**(1,732)**	**0**	**(56)**	**0**	**0**	**0**	**0**	**0**	**(7,318)**
SPP-N	(1,488)	(200)	0	(17)	0	0	0	0	0	**(1,705)**
SPP-S	(4,042)	(1,532)	0	(39)	0	0	0	0	0	**(5,613)**

2.7 CAISO+

In the current system and No Plant Closures cases, CAISO+ did not experience major reliability issues, though adequacy was often maintained through significant imports during tight conditions. In the Plant Closures case, however, the region faced substantial shortfalls, particularly during summer evening hours when solar output declines. Average LOLH reached 7 hours per year, and the worst-case year showed load shed events affecting up to 31% of demand. The NUSE exceeded reliability thresholds, signaling the system's vulnerability to high load and low renewable output periods.

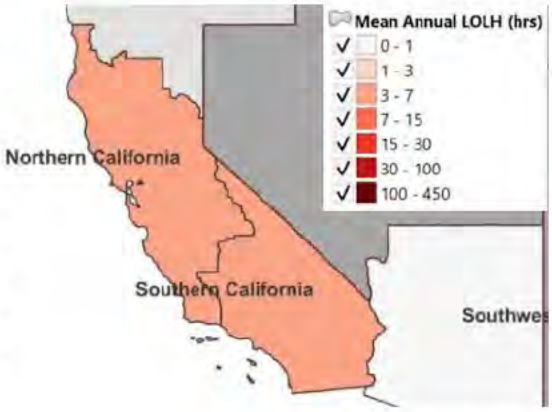
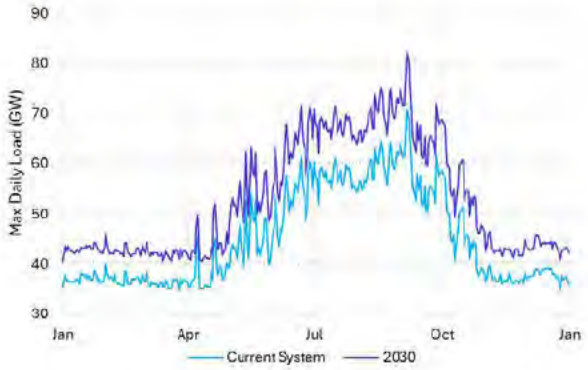


Table 14. Summary of CAISO+ Reliability Metrics

Reliability Metric	Current System	2030 Projection		
		Plant Closures	No Plant Closures	Required Build
AVERAGE OVER 12 WEATHER YEARS				
Average Loss of Load Hours	-	6.8	-	-
Normalized Unserved Energy (%)	-	0.0062	-	-
Unserved Load (MWh)	-	23,488	-	-
WORST WEATHER YEAR				
Max Loss of Load Hours in Single Year	-	21	-	-
Normalized Unserved Load (%)	-	0.0195	-	-
Unserved Load (MWh)	-	73,462	-	-
Max Unserved Load (MW)	-	12,391	-	-

Load Assumptions

CAISO+'s peak load was roughly 79 GW in the current system model and projected to increase to roughly 82 GW by 2030. Approximately 2 GW of this relates to new AI/DCs being installed (4% of U.S. total).



Subregion	2024	2030
CALI-N	29,366	34,066
CALI-S	41,986	48,666
Total	70,815	82,146

Figure 22. CAISO+ Max Daily Load in the Current System versus 2030

Generation Stack

Total installed generating capacity for 2024 was approximately 117 GW. In 2030, 14 GW of new capacity was added leading to 131 GW of capacity in the No Plant Closures case. In the Plant Closures case, 8 GW of capacity was retired such that net closures in the Plant Closures case were +6 GW, or 123 GW of overall installed capacity on the system.

Subregion	Current System	2030 Plant Closures	2030 No Plant Closures
CALI-N	47,059	48,897	52,501
CALI-S	69,866	74,041	78,308
Total	**116,925**	**122,938**	**130,809**

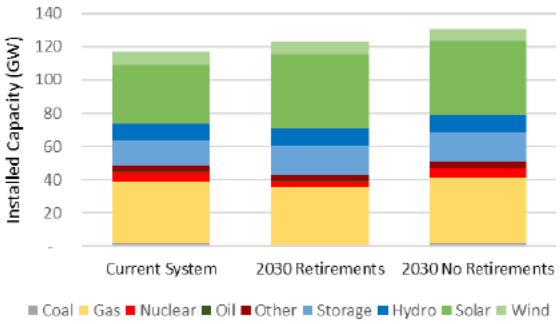


Figure 23. CAISO+ Generation Capacity by Technology and Scenario

CAISO+'s generation mix was comprised primarily of natural gas, solar, storage, and hydro. In 2024, natural gas comprised 32% of nameplate, solar comprised 31%, storage 13%, and hydro 9%. In 2030, most retirements come from coal, natural gas, and nuclear while additions occur for solar and storage. The model assumed 10 GW of rooftop solar and less than 1 GW of demand response.

Table 15. Nameplate Capacity by CAISO+ Subregion and Technology (MW)

	Coal	Gas	Nuclear	Oil	Other	Storage	Hydro	Solar	Wind	Total
2024	**1,816**	**37,434**	**5,582**	**185**	**3,594**	**14,670**	**10,211**	**35,661**	**7,773**	**116,925**
CALI-N	0	12,942	5,582	165	1,872	4,639	8,727	11,759	1,373	**47,059**
CALI-S	1,816	24,492	0	20	1,722	10,031	1,483	23,902	6,400	**69,866**
Additions	**0**	**2,126**	**0**	**0**	**92**	**3,161**	**0**	**8,507**	**0**	**13,885**
CALI-N	0	735	0	0	44	757	0	3,906	0	**5,442**
CALI-S	0	1,391	0	0	48	2,404	0	4,600	0	**8,442**
Closures	**(1,800)**	**(3,771)**	**(2,300)**	**0**	**0**	**0**	**0**	**0**	**0**	**(7,871)**
CALI-N	0	(1,304)	(2,300)	0	0	0	0	0	0	**(3,604)**
CALI-S	(1,800)	(2,467)	0	0	0	0	0	0	0	**(4,267)**

2.8 West Non-CAISO

In both the current system and No Plant Closures cases, the West Non-CAISO region maintained adequacy on average. In the Plant Closures case, the region's reliability declined, with annual LOLH increasing and peak shortfalls in the worst year affecting up to 20% of hourly load in some subregions. While overall NUSE normalized unserved energy remained just above the 0.002% threshold, specific areas, especially those with limited local resources and constrained transmission, exceeded acceptable risk levels. These reliability gaps were primarily driven by increasing reliance on variable energy resources without sufficient firm generation.

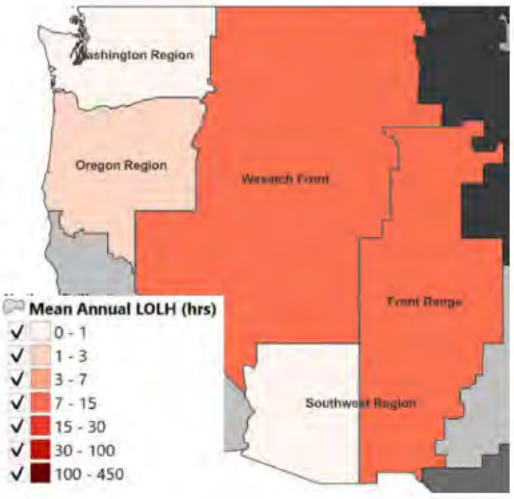
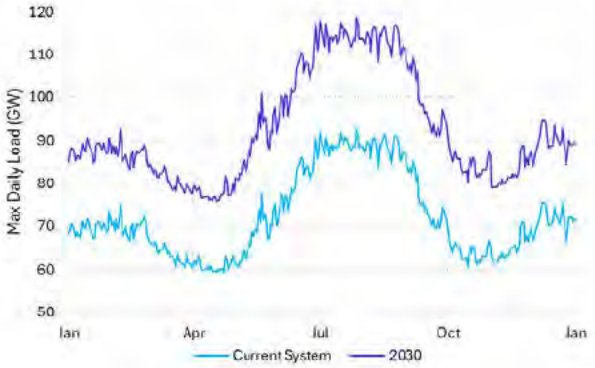


Table 16. Summary of West Non-CAISO Reliability Metrics

Reliability Metric	Current System	2030 Projection Plant Closures	2030 Projection No Plant Closures	2030 Projection Required Build
AVERAGE OVER 12 WEATHER YEARS				
Average Loss of Load Hours	-	17.8	-	-
Normalized Unserved Energy (%)	-	0.0032	-	-
Unserved Load (MWh)	-	21,785	-	-
WORST WEATHER YEAR				
Max Loss of Load Hours in Single Year	-	47	-	-
Normalized Unserved Load (%)	-	0.0098	-	-
Unserved Load (MWh)	-	66,248	-	-
Max Unserved Load (MW)	-	5,071	-	-

Load Assumptions

West Non-CAISO's peak load was roughly 92 GW in the current system model and projected to increase to roughly 119 GW by 2030. Approximately 12 GW of this relates to new AI/DCs being installed (24% of U.S. total).



Subregion	2024	2030
WASHINGTON	20,756	23,187
OREGON	11,337	16,080
SOUTHWEST	23,388	30,169
WASATCH	27,161	35,440
FRONT R	20,119	24,996
Total	**92,448**	**118,657**

Figure 24. West Non-CAISO Max Daily Load in the Current System versus 2030

Generation Stack

Total installed generating capacity for 2024 was 178 GW. In 2030, 29 GW of new capacity was added leading to 207 GW of capacity in the No Plant Closures case. In the Plant Closures case, 13 GW of capacity was retired such that net generation change in the Plant Closures case was 16 GW, or 193 GW of overall installed capacity on the system.

Subregion	Current System	2030 Plant Closures	2030 No Plant Closures
WASHINGTON	35,207	36,588	37,573
OREGON	19,068	21,689	22,081
SOUTHWEST	42,335	47,022	49,158
WASATCH	42,746	45,175	50,251
FRONT R	38,572	43,011	47,844
Total	**177,929**	**193,485**	**206,908**

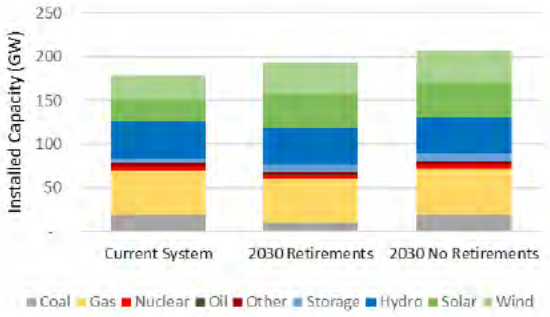


Figure 25. West Non-CAISO Generation Capacity by Technology and Scenario

West Non-CAISO's generation mix was comprised primarily of natural gas, hydro, wind, solar, and coal. In 2024, natural gas comprised 28% of nameplate, hydro comprised 24%, wind 15%, solar 13%, and coal 11%. In 2030, most retirements come from coal and natural gas while additions occur for solar, wind, storage, and natural gas. The model assumed 6 GW of rooftop solar and over 1 GW of demand response.

Table 17. Nameplate Capacity by West Non-CAISO Subregion and Technology (MW)

	Coal	Gas	Nuclear	Oil	Other	Storage	Hydro	Solar	Wind	Total
2024	**19,850**	**49,969**	**3,820**	**644**	**4,114**	**5,104**	**42,476**	**24,652**	**27,298**	**177,929**
WASHINGTON	560	3,919	1,096	17	595	489	24,402	1,438	2,690	**35,207**
OREGON	0	3,915	0	6	456	482	8,253	2,517	3,440	**19,068**
SOUTHWEST	4,842	17,985	2,724	323	1,316	2,349	1,019	8,093	3,685	**42,335**
WASATCH	7,033	14,061	0	87	1,433	1,194	7,587	7,299	4,052	**42,746**
FRONT R	7,415	10,089	0	211	314	590	1,215	5,306	13,432	**38,572**
Additions	**0**	**2,320**	**0**	**1**	**8**	**2,932**	**0**	**14,759**	**8,959**	**28,979**
WASHINGTON	0	246	0	0	0	109	0	1,059	952	**2,366**
OREGON	0	246	0	0	0	150	0	1,399	1,218	**3,013**
SOUTHWEST	0	309	0	0	0	2,338	0	3,578	599	**6,823**
WASATCH	0	884	0	0	7	233	0	4,946	1,435	**7,505**
FRONT R	0	634	0	0	0	102	0	3,779	4,756	**9,271**
Closures	**(9,673)**	**(2,540)**	**0**	**(6)**	**(311)**	**(170)**	**(627)**	**0**	**(95)**	**(13,422)**
WASHINGTON	(317)	(195)	0	(0)	(66)	(28)	(369)	0	(11)	**(986)**
OREGON	0	(195)	0	(0)	(58)	0	(125)	0	(14)	**(392)**
SOUTHWEST	(1,185)	(951)	0	0	0	0	0	0	0	**(2,136)**
WASATCH	(3,978)	(699)	0	(2)	(178)	(89)	(115)	0	(16)	**(5,077)**
FRONT R	(4,194)	(501)	0	(4)	(8)	(53)	(18)	0	(54)	**(4,832)**

2.9 ERCOT

In the current system model, ERCOT exceeded reliability thresholds, with 3.8 annual Loss of Load Hours and a NUSE of 0.0032%, indicating stress even before future retirements and load growth. In the No Plant Closures case, conditions worsened as average LOLH rose to 20 hours per year and the worst-case year reached 101 hours, driven by data center growth and limited dispatchable additions. The Plant Closures case intensified these risks, with average annual LOLH rising to 45 hours per year and unserved load reaching 0.066%. Peak shortfalls reached 27% of demand, with outages concentrated in winter when generation is most vulnerable. To meet reliability targets, ERCOT would require 10,500 MW of additional perfect capacity by 2030.

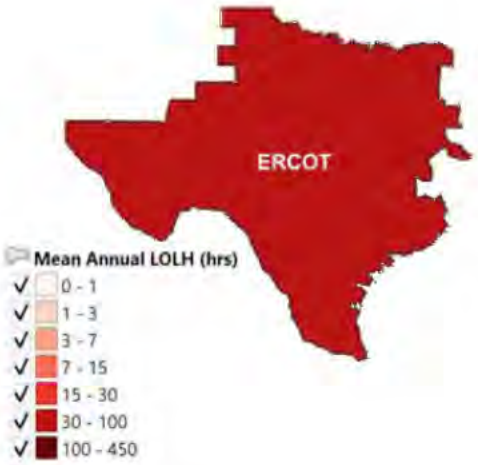
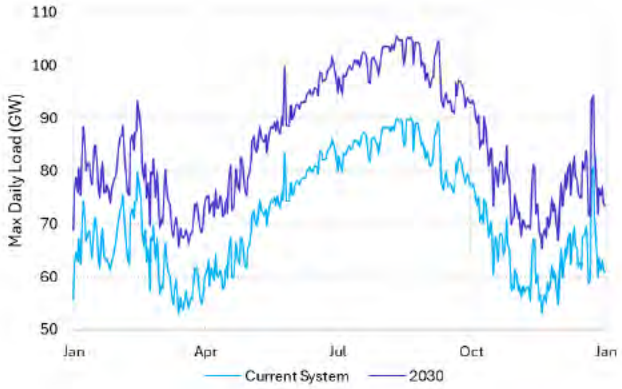


Table 18. Summary of ERCOT Reliability Metrics

Reliability Metric	Current System	2030 Projection Plant Closures	2030 Projection No Plant Closures	Required Build
AVERAGE OVER 12 WEATHER YEARS				
Average Loss of Load Hours	3.8	45.0	20.3	1.0
Normalized Unserved Energy (%)	0.0032	0.0658	0.0284	0.0008
Unserved Load (MWh)	15,378	397,352	171,493	4,899
WORST WEATHER YEAR				
Max Loss of Load Hours in Single Year	30	149	101	12
Normalized Unserved Load (%)	0.0286	0.02895	0.01820	0.0098
Unserved Load (MWh)	136,309	1,741,003	1,093,560	58,787
Max Unserved Load (MW)	10,115	27,156	23,105	8,202

Load Assumptions

ERCOT's peak load was roughly 90 GW in the current system model and projected to increase to roughly 105 GW by 2030. Approximately 8 GW of this relates to new data centers being installed (62% of U.S. total).



Subregion	2024	2030
ERCOT	90,075	105,485
Total	**90,075**	**105,485**

Figure 26. ERCOT Max Daily Load in the Current System versus 2030

Generation Stack

Total installed generating capacity for 2024 was 157 GW. In 2030, 55 GW of new capacity was added leading to 213 GW of capacity in the No Plant Closures case. In the Plant Closures case, 4 GW of capacity was retired such that net generation change in the Plant Closures case was +51 GW, or 208 GW of overall nameplate capacity on the system.

Subregion	Current System	2030 Plant Closures	2030 No Plant Closures
ERCOT	157,490	208,894	212,916
Total	**157,490**	**208,894**	**212,916**

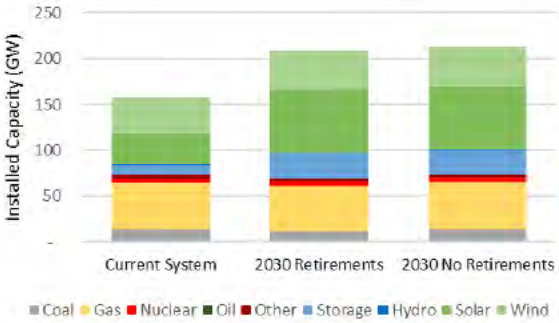


Figure 27. ERCOT Generation Capacity by Technology and Scenario

ERCOT's generation mix was comprised primarily of natural gas, wind, and solar. In 2024, natural gas comprised 32% of nameplate, wind comprised 25%, and solar 22%. In 2030, most retirements come from coal and natural gas while additions occur for solar, storage, and wind. The model assumed 2.5 GW of rooftop solar and 3.5 GW of demand response.

Table 19. Nameplate Capacity for ERCOT and by Technology (MW)

	Coal	Gas	Nuclear	Oil	Other	Storage	Hydro	Solar	Wind	Total
2024	**13,568**	**50,889**	**4,973**	**10**	**3,627**	**10,720**	**583**	**33,589**	**39,532**	**157,490**
ERCOT	13,568	50,889	4,973	10	3,627	10,720	583	33,589	39,532	**157,490**
Additions	**0**	**569**	**0**	**0**	**0**	**16,538**	**0**	**34,681**	**3,638**	**55,426**
ERCOT	0	569	0	0	0	16,538	0	34,681	3,638	**55,426**
Closures	**(2,000)**	**(2,022)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(4,022)**
ERCOT	(2,000)	(2,022)	0	0	0	0	0	0	0	**(4,022)**

Appendix A - Generation Calibration and Forecast

The study team started with the grid model from the NERC ITCS, which was published in 2024 with reference to NERC 2023 LTRA capacity.[27] This zonal ITCS model serves as the starting point for the network topology (covering 23 U.S regions), transmission capacity between zones, and general modeling assumptions. The resource mix and retirements in the ITCS model were updated for this study to reflect the various 2030 scenarios discussed previously. Prior to developing the 2030 scenarios, the study team also updated the 2024 ITCS model to ensure consistency in the current model assumptions.

2024 Resource Mix

Because there were noted changes in assumed capacity additions between the 2023 and 2024 LTRAs[28], the ITCS model was updated with the 2024 LTRA data, provided directly by NERC to the study team. The 2024 LTRA dataset, reported at the NERC assessment area level—which is more aggregated in some areas than the ITCS regional structure (covering 13 U.S. regions; see Figure A.1)—includes both existing resource capacities[29] and Tier 1, 2, and 3 planned additions for each year from 2024 to 2033. As explained below, to incorporate this data into the ITCS model, a mapping process was developed to disaggregate generation capacities from the NERC assessment areas to the more granular ITCS regions by technology type. To preserve the daily or monthly adjustments to generator availability for certain categories (wind, solar, hybrid, hydropower, batteries, and other) by using the ITCS methods, the nameplate LTRA capacity was used. For all other categories (mostly thermal generators), summer and winter on-peak capacity contributions were used.

27. NERC, “Interregional Transfer Capability Study (ITCS).” https://www.nerc.com/pa/RAPA/Documents/ITCS_Final_Report.pdf.

28. NERC, “2024 Long-Term Reliability Assessment,” December, 2024, 24. https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_Long%20Term%20Reliability%20Assessment_2024.pdf.

29. Capacities are reported for both winter and summer seasonal ratings, along with nameplate values.

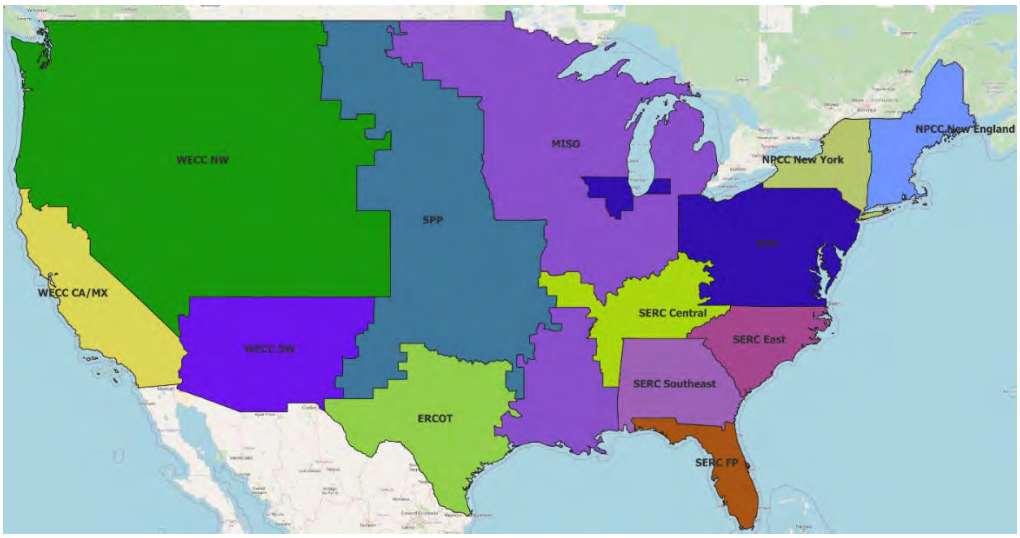


Figure A.1. NERC assessment areas.

To disaggregate generation capacity from the NERC assessment areas to the ITCS regions, EIA 860 plant-level data were used to tabulate the generation capacity for each ITCS region and NERC assessment area. The geographical boundaries for the NERC assessment areas and the ITCS regions were constructed based on ReEDS zones.[30] Disaggregation fractions were then calculated by technology type using the combined existing capacity and planned additions through 2030 from EIA 860 data as of December 2024. Specifically, to compute each fraction, an ITCS region's total (existing plus planned) capacity was divided by the corresponding total capacity across all ITCS regions within the same mapped NERC assessment area and fuel type group:

$$Fraction_{rf} = \frac{Capacity_{rf}}{\sum_{r' \in ITCS(R)} Capacity_{r'f}} \qquad \textit{(Equation.1)}$$

Where $Capacity_{rf}$ is the capacity of fuel type f in ITCS region r and $ITCS(R)$ is the set of all ITCS regions mapped to the same NERC assessment area R. The denominator is the total capacity of that fuel type across all ITCS regions mapped to R.

Note that in cases where NERC assessment areas align one-to-one with ITCS regions, no mapping was required. Table A.1 summarizes which areas exhibited a direct one-to-one matching and which required disaggregation (1-to-many) or aggregation (many-to-one) to align with the ITCS regional structure.

An exception to this general approach is the case of the Front Range ITCS region, which geographically spans across two NERC assessment areas—WECC-NW and WECC-SW—resulting in two-to-one mapping. For this case, a separate allocation method was used: Plant-level data from EIA 860 were analyzed to determine the proportion of Front Range capacity located in each NERC area. These proportions were then used to derive custom weighting factors for allocating capacities from both WECC-NW and WECC-SW into the Front Range region.

30. NREL, "Regional Energy Development System," https://www.nrel.gov/analysis/reeds/.

Table A.1. Mapping of NERC assessment areas to ITCS regions.

NERC Area	ITCS Region	Match
ERCOT	ERCOT	1 to 1
NPCC-New England	NPCC-New England	1 to 1
NPCC-New York	NPCC-New York	1 to 1
SERC-C	SERC-C	1 to 1
SERC-E	SERC-E	1 to 1
SERC-FP	SERC-FP	1 to 1
SERC-SE	SERC-SE	1 to 1
WECC-SW	Southwest Region	1 to 1
MISO	MISO Central	1 to 4
MISO	MISO East	
MISO	MISO South	
MISO	MISO West	
SPP	SPP North	1 to 2
SPP	SPP South	
WECC-CAMX	Southern California	1 to 2
WECC-CAMX	Northern California	
WECC-NW	Oregon Region	1 to 3
WECC-NW	Washington Region	
WECC-NW	Wasatch Front	
WECC-NW	Front Range	2 to 1
WECC-SW	Front Range	

Table A.2 and Figure A.2 show the same combined capacities by ITCS region and NERC planning region, respectively.

Table A.2. Existing and Tier 1 capacities by NERC assessment area (in MW) in 2024.

2024 Exsting + Tier 1			Coal	NG	Nuclear	Oil	Biomass	Geo	Other	Pumped Storage	Battery	Hydro	Solar	Wind	DR	DGPV	Total
EAST	**Total**		**143,035**	**330,342**	**82,793**	**26,771**	**3,624**	**-**	**991**	**19,607**	**3,298**	**28,980**	**72,757**	**94,364**	**25,753**	**24,367**	**856,682**
	ISONE	**Total**	541	15,494	3,331	5,710	818	-	233	1,571	57	1,911	3,386	2,553	661	3,713	39,979
	MISO	**Total**	**37,914**	**64,194**	**11,127**	**2,867**	**613**	**-**	**329**	**4,396**	**1,031**	**2,533**	**29,777**	**41,715**	**7,775**	**3,049**	**207,319**
		MISO-W	12,651	13,608	2,753	1,491	244	-	2	-	200	777	7,368	29,411	2,367	741	71,612
		MISO-C	15,050	10,307	2,169	494	32	-	152	773	499	769	10,587	7,350	2,026	1,774	51,982
		MISO-S	5,493	31,052	5,100	589	243	-	117	49	5	845	8,024	596	2,109	291	54,511
		MISO-E	4,720	9,227	1,105	292	94	-	57	3,574	327	143	3,799	4,359	1,273	243	29,213
	NYISO	**Total**	-	22,937	3,330	2,631	334	-	-	1,400	60	4,915	1,039	2,706	860	5,710	45,924
	PJM	**Total**	**39,915**	**84,381**	**32,535**	**9,875**	**851**	**-**	**-**	**5,062**	**338**	**3,071**	**10,892**	**11,718**	**7,397**	**8,603**	**214,638**
		PJM-W	34,917	39,056	16,557	1,933	112	-	-	234	149	1,252	5,780	10,065	3,814	599	114,467
		PJM-S	2,391	15,038	5,288	3,985	479	-	-	2,958	127	1,070	3,932	360	1,824	2,498	39,951
		PJM-E	2,608	30,287	10,690	3,956	260	-	-	1,870	62	749	1,180	1,294	1,759	5,506	60,221
	SERC	**Total**	**45,747**	**113,334**	**31,702**	**4,063**	**989**	**-**	**83**	**6,701**	**768**	**11,425**	**26,959**	**982**	**7,707**	**3,221**	**253,680**
		SERC-C	13,348	20,127	8,280	148	36	-	-	1,784	100	4,995	2,308	982	1,851	20	53,978
		SERC-SE	13,275	29,866	8,018	915	424	-	-	1,548	115	3,260	7,267	-	2,069	317	67,073
		SERC-FL	4,346	47,002	3,502	1,957	310	-	83	-	538	-	10,121	-	2,804	2,051	72,714
		SERC-E	14,777	16,340	11,902	1,044	219	-	-	3,369	15	3,170	7,263	-	983	833	59,914
	SPP	**Total**	**18,919**	**30,003**	**769**	**1,626**	**20**	**-**	**345**	**477**	**1,044**	**5,123**	**703**	**34,689**	**1,353**	**71**	**95,142**
		SPP-N	5,089	3,467	304	504	1	-	185	-	8	3,041	84	7,041	333	7	20,065
		SPP-S	13,829	26,536	465	1,121	19	-	160	477	1,037	2,082	619	27,649	1,020	64	75,078
ERCOT	**Total**		**13,568**	**50,889**	**4,973**	**10**	**163**	**-**	**-**	**-**	**10,720**	**583**	**31,058**	**39,532**	**3,464**	**2,531**	**157,490**
	ERCOT	**Total**	13,568	50,889	4,973	10	163	-	-	-	10,720	583	31,058	39,532	3,464	2,531	157,490
WEST	**Total**		**21,666**	**87,403**	**9,403**	**829**	**1,565**	**4,093**	**106**	**4,536**	**15,238**	**52,687**	**44,042**	**35,071**	**1,944**	**16,271**	**294,854**
	CAISO+	**Total**	**1,816**	**37,434**	**5,582**	**185**	**726**	**2,004**	**35**	**3,514**	**11,156**	**10,211**	**25,614**	**7,773**	**829**	**10,047**	**116,925**
		CALI-N	-	12,942	5,582	165	465	1,049	9	1,967	2,672	8,727	6,723	1,373	349	5,036	47,059
		CALI-S	1,816	24,492	-	20	261	955	26	1,547	8,484	1,483	18,891	6,400	480	5,011	69,866
	Non-CA WECC	**Total**	**19,850**	**49,969**	**3,820**	**644**	**839**	**2,089**	**71**	**1,022**	**4,082**	**42,476**	**18,428**	**27,298**	**1,115**	**6,224**	**177,929**
		WA	560	3,919	1,096	17	352	-	-	140	350	24,402	1,052	2,690	243	386	35,207
		OR	-	3,915	-	6	293	21	-	-	482	8,253	2,145	3,440	141	372	19,068
		SOUTHWEST	4,842	17,985	2,724	323	102	1,047	-	176	2,173	1,019	5,641	3,685	168	2,452	42,335
		WASATCH	7,033	14,061	-	87	56	1,011	61	444	750	7,587	5,625	4,052	305	1,674	42,746
		FRONT R	7,415	10,089	-	211	36	10	10	262	328	1,215	3,966	13,432	258	1,340	38,572
		Total	**178,268**	**468,635**	**97,169**	**27,610**	**5,353**	**4,093**	**1,096**	**24,144**	**29,256**	**82,249**	**147,856**	**168,966**	**31,161**	**43,169**	**1,309,026**

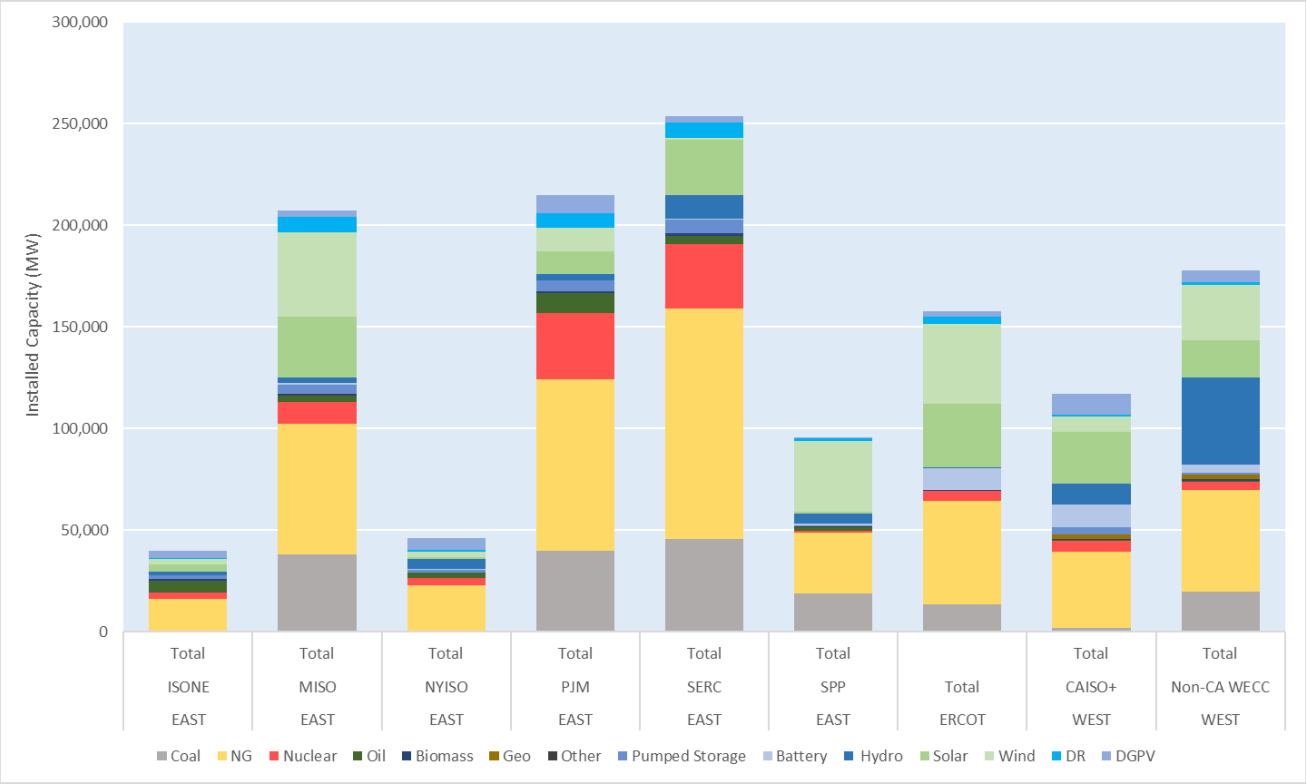


Figure A.2. Existing and Tier 1 capacities by NERC assessment area in 2024.

Forecasting 2030 Resource Mixes

To develop the 2030 ITCS generation portfolio, the study team added new capacity builds and removed planned retirements.

(i) *Tier 1*: Assumes that only projects considered very mature in the development pipeline—such as those with signed interconnection agreements—will be built. This results in minimal capacity additions beyond 2026. The data are based on projects designated as Tier 1 in the 2024 LTRA data for the year 2030.

Retirements

To project which units will retire by 2030, the study team primarily used the LTRA 2024 data and cross-checked it with EIA data. The assessment areas were disaggregated to ITCS zones based on the ratios of projected retirements in EIA 860 data. The three scenarios modeled are as follows:

(i) *Announced*: Assumes that in addition to confirmed retirements, generators that have publicly announced retirement plans but have not formally notified system operators have also begun the retirement process. This is based on data from the 2024 LTRA, which were collected by the NERC team from sources like news announcements, public disclosures, etc.

(ii) *None*: Assumes that there are no retirements between 2024 and 2030 for comparison. Delaying or canceling some near-term retirements may not be feasible, but this case can help determine how much retirements contribute to resource adequacy challenges in regions where rapid AI and data center growth is expected.

Generation Stack for Each Scenario

Finally, when summing all potential future changes, the team arrived at a generation stack for each of the various scenarios to be studied. The first figure provides a visual comparison of all the cases, which vary from 1,309 GW to 1,519 GW total generation capacity for the entire continental United States, to enable the exploration of a range of potential generation futures. The tables below provide breakdowns by ITCS region and by resource type.



Figure A.9. Comparison of 2030 generation stacks for the various scenarios.

Table A.4. 2030 generation stack for Tier 1 mature + announced retirements.

2030 Tier 1 Mature + Announced			Coal	NG	Nuclear	Oil	Biomass	Geo	Other	Pumped Storage	Battery	Hydro	Solar	Wind	DR	DGPV	Total
EAST	**Total**		**84,730**	**328,457**	**82,793**	**24,272**	**3,473**	**-**	**991**	**19,591**	**12,415**	**28,897**	**126,849**	**113,568**	**26,837**	**36,768**	**889,641**
	ISONE	**Total**	7	13,708	3,331	5,687	741	-	233	1,571	1,664	1,911	3,676	4,048	661	5,606	42,845
	MISO	**Total**	**13,001**	**60,132**	**11,127**	**2,873**	**473**	**-**	**329**	**4,380**	**2,960**	**2,450**	**44,132**	**43,369**	**7,775**	**3,049**	**196,049**
		MISO-W	4,338	12,747	2,753	1,494	188	-	2	-	574	751	10,920	30,577	2,367	741	67,453
		MISO-C	5,161	9,655	2,169	495	25	-	152	770	1,433	743	15,690	7,642	2,026	1,774	47,735
		MISO-S	1,883	29,087	5,100	591	187	-	117	49	14	817	11,892	619	2,109	291	52,756
		MISO-E	1,619	8,643	1,105	293	72	-	57	3,561	938	138	5,630	4,531	1,273	243	28,105
	NYISO	**Total**	-	21,907	3,330	2,628	334	-	-	1,400	60	4,915	1,159	4,608	860	9,194	50,396
	PJM	**Total**	**26,662**	**87,228**	**32,535**	**8,117**	**917**	**-**	**-**	**5,062**	**2,276**	**3,071**	**33,530**	**18,807**	**7,638**	**10,955**	**236,798**
		PJM-W	23,323	40,373	16,557	1,589	120	-	-	234	1,004	1,252	17,793	16,153	3,939	762	123,100
		PJM-S	1,597	15,546	5,288	3,276	516	-	-	2,958	853	1,070	12,105	577	1,883	3,181	48,850
		PJM-E	1,742	31,309	10,690	3,252	280	-	-	1,870	419	749	3,632	2,076	1,816	7,012	64,848
	SERC	**Total**	**31,672**	**116,117**	**31,702**	**3,391**	**989**	**-**	**83**	**6,701**	**3,021**	**11,425**	**38,360**	**982**	**8,088**	**7,893**	**260,423**
		SERC-C	8,883	23,777	8,280	148	36	-	-	1,784	180	4,995	3,070	982	1,851	29	54,014
		SERC-SE	10,321	28,127	8,018	899	424	-	-	1,548	618	3,260	9,024	-	2,213	317	64,768
		SERC-FL	2,851	47,092	3,502	1,477	310	-	83	-	2,208	-	16,717	-	3,022	5,865	83,127
		SERC-E	9,617	17,122	11,902	868	219	-	-	3,369	15	3,170	9,549	-	1,002	1,682	58,513
	SPP	**Total**	**13,389**	**29,365**	**769**	**1,576**	**20**	**-**	**345**	**477**	**2,434**	**5,123**	**5,991**	**41,755**	**1,815**	**71**	**103,130**
		SPP-N	3,602	3,394	304	489	1	-	185	-	18	3,041	717	8,475	447	7	20,679
		SPP-S	9,787	25,971	465	1,087	19	-	160	477	2,416	2,082	5,274	33,280	1,368	64	82,451
ERCOT	**Total**		**11,568**	**49,436**	**4,973**	**10**	**163**	**-**	**-**	**-**	**27,258**	**583**	**62,406**	**43,169**	**3,464**	**5,864**	**208,894**
	ERCOT	**Total**	11,568	49,436	4,973	10	163	-	-	-	27,258	583	62,406	43,169	3,464	5,864	208,894
WEST	**Total**		**10,193**	**85,538**	**7,103**	**823**	**1,427**	**3,983**	**106**	**4,366**	**21,330**	**52,060**	**51,648**	**43,935**	**1,981**	**31,931**	**316,424**
	CAISO+	**Total**	**16**	**35,789**	**3,282**	**185**	**726**	**2,059**	**35**	**3,514**	**14,316**	**10,211**	**27,112**	**7,773**	**866**	**17,055**	**122,938**
		CALI-N	-	12,373	3,282	165	465	1,078	9	1,967	3,429	8,727	7,116	1,373	364	8,549	48,897
		CALI-S	16	23,416	-	20	261	982	26	1,547	10,887	1,483	19,996	6,400	501	8,506	74,041
	Non-CA WECC	**Total**	**10,177**	**49,749**	**3,820**	**639**	**701**	**1,924**	**71**	**852**	**7,014**	**41,849**	**24,536**	**36,162**	**1,115**	**14,876**	**193,485**
		WA	243	3,971	1,096	16	286	-	-	111	459	24,033	1,404	3,631	243	1,092	36,588
		OR	-	3,967	-	6	238	18	-	-	632	8,128	2,865	4,644	141	1,051	21,689
		SOUTHWEST	3,657	17,343	2,724	323	102	1,047	-	176	4,511	1,019	7,460	4,284	168	4,211	47,022
		WASATCH	3,055	14,247	-	86	45	850	61	355	983	7,472	7,512	5,470	305	4,733	45,175
		FRONT R	3,221	10,222	-	208	30	8	10	209	430	1,197	5,296	18,133	258	3,789	43,011
		Total	**106,491**	**463,431**	**94,869**	**25,106**	**5,063**	**3,983**	**1,096**	**23,958**	**61,003**	**81,539**	**240,902**	**200,673**	**32,282**	**74,563**	**1,414,959**

Table A.5. 2030 generation stack for Tier 1 mature + no retirements.

2030 Tier 1 Mature + No Retirements			Coal	NG	Nuclear	Oil	Biomass	Geo	Other	Pumped Storage	Battery	Hydro	Solar	Wind	DR	DGPV	Total
EAST	**Total**		**143,035**	**345,459**	**82,793**	**27,336**	**3,701**	**-**	**991**	**19,607**	**12,415**	**28,980**	**126,849**	**113,840**	**26,837**	**36,768**	**968,610**
	ISONE	**Total**	541	15,584	3,331	5,891	818	-	233	1,571	1,664	1,911	3,676	4,048	661	5,606	45,534
	MISO	**Total**	**37,914**	**66,729**	**11,127**	**3,197**	**613**	**-**	**329**	**4,396**	**2,960**	**2,533**	**44,132**	**43,641**	**7,775**	**3,049**	**228,393**
		MISO-W	12,651	14,145	2,753	1,662	244	-	2	-	574	777	10,920	30,768	2,367	741	77,605
		MISO-C	15,050	10,714	2,169	551	32	-	152	773	1,433	769	15,690	7,690	2,026	1,774	58,823
		MISO-S	5,493	32,278	5,100	657	243	-	117	49	14	845	11,892	623	2,109	291	59,710
		MISO-E	4,720	9,592	1,105	326	94	-	57	3,574	938	143	5,630	4,560	1,273	243	32,255
	NYISO	**Total**	-	22,937	3,330	2,646	334	-	-	1,400	60	4,915	1,159	4,608	860	9,194	51,444
	PJM	**Total**	**39,915**	**88,880**	**32,535**	**9,907**	**928**	**-**	**-**	**5,062**	**2,276**	**3,071**	**33,530**	**18,807**	**7,638**	**10,955**	**253,504**
		PJM-W	34,917	41,138	16,557	1,939	122	-	-	234	1,004	1,252	17,793	16,153	3,939	762	135,810
		PJM-S	2,391	15,840	5,288	3,998	522	-	-	2,958	853	1,070	12,105	577	1,883	3,181	50,667
		PJM-E	2,608	31,902	10,690	3,969	284	-	-	1,870	419	749	3,632	2,076	1,816	7,012	67,027
	SERC	**Total**	**45,747**	**120,232**	**31,702**	**4,063**	**989**	**-**	**83**	**6,701**	**3,021**	**11,425**	**38,360**	**982**	**8,088**	**7,893**	**279,285**
		SERC-C	13,348	24,958	8,280	148	36	-	-	1,784	180	4,995	3,070	982	1,851	29	59,660
		SERC-SE	13,275	29,866	8,018	915	424	-	-	1,548	618	3,260	9,024	-	2,213	317	69,478
		SERC-FL	4,346	48,163	3,502	1,957	310	-	83	-	2,208	-	16,717	-	3,022	5,865	86,173
		SERC-E	14,777	17,246	11,902	1,044	219	-	-	3,369	15	3,170	9,549	-	1,002	1,682	63,973
	SPP	**Total**	**18,919**	**31,098**	**769**	**1,632**	**20**	**-**	**345**	**477**	**2,434**	**5,123**	**5,991**	**41,755**	**1,815**	**71**	**110,449**
		SPP-N	5,089	3,594	304	506	1	-	185	-	18	3,041	717	8,475	447	7	22,385
		SPP-S	13,829	27,504	465	1,126	19	-	160	477	2,416	2,082	5,274	33,280	1,368	64	88,064
ERCOT	**Total**		**13,568**	**51,458**	**4,973**	**10**	**163**	**-**	**-**	**-**	**27,258**	**583**	**62,406**	**43,169**	**3,464**	**5,864**	**212,916**
	ERCOT	**Total**	13,568	51,458	4,973	10	163	-	-	-	27,258	583	62,406	43,169	3,464	5,864	212,916
WEST	**Total**		**21,666**	**91,849**	**9,403**	**829**	**1,565**	**4,156**	**106**	**4,536**	**21,330**	**52,687**	**51,648**	**44,030**	**1,981**	**31,931**	**337,717**
	CAISO+	**Total**	**1,816**	**39,560**	**5,582**	**185**	**726**	**2,059**	**35**	**3,514**	**14,316**	**10,211**	**27,112**	**7,773**	**866**	**17,055**	**130,809**
		CALI-N	-	13,677	5,582	165	465	1,078	9	1,967	3,429	8,727	7,116	1,373	364	8,549	52,501
		CALI-S	1,816	25,883	-	20	261	982	26	1,547	10,887	1,483	19,996	6,400	501	8,506	78,308
	Non-CA WECC	**Total**	**19,850**	**52,289**	**3,820**	**645**	**839**	**2,097**	**71**	**1,022**	**7,014**	**42,476**	**24,536**	**36,257**	**1,115**	**14,876**	**206,908**
		WA	560	4,166	1,096	17	352	-	-	140	459	24,402	1,404	3,642	243	1,092	37,573
		OR	-	4,161	-	6	293	22	-	-	632	8,253	2,865	4,658	141	1,051	22,081
		SOUTHWEST	4,842	18,294	2,724	323	102	1,047	-	176	4,511	1,019	7,460	4,284	168	4,211	49,158
		WASATCH	7,033	14,945	-	88	56	1,018	61	444	983	7,587	7,512	5,486	305	4,733	50,251
		FRONT R	7,415	10,723	-	212	36	10	10	262	430	1,215	5,296	18,187	258	3,789	47,844
		Total	**178,268**	**488,766**	**97,169**	**28,175**	**5,429**	**4,156**	**1,096**	**24,144**	**61,003**	**82,249**	**240,902**	**201,040**	**32,282**	**74,563**	**1,519,243**

Appendix B - Representing Canadian Transfer Limits

Introduction

The reliability and stability of cross-border electricity interconnections between the United States and Canada are critical to ensuring continuous power delivery amid evolving demands and variable supply conditions. In recent years, increased integration of wind and solar generation, coupled with extreme weather events, has introduced significant uncertainties in regional power flows.

This report describes the development and implementation of a machine learning (ML)-based model designed to project the maximum daily energy transfer (MaxFlow) across major United States–Canada interfaces, such as BPA–BC Hydro and NYISO–Ontario. Leveraging 15 years of high-resolution load and generation data, summarizing it into key daily statistics, and training a robust eXtreme Gradient Boosting (XGBoost) regressor can allow data-driven predictions to be captured with quantified uncertainty.

The project team provided percentile-based forecasts—25, 50, and 75 percent—to support both conservative and strategic planning. The conservative methodology (25 percent) was used for this report to ensure availability when needed.

The subsequent sections detail the methodology used for data processing and feature engineering, the architecture and training of the predictive model, and the validation metrics and feature importance analyses used. Future enhancements could include incorporating weather patterns, neighboring-region dynamics, and fuel-specific generation profiles to further strengthen predictive performance and support grid resilience.

Methodology

This section describes the ML approach used to build the MaxFlow prediction model.

Dataset Collection and Preparation

Data were collected for hourly and derived daily load and generation over a 15-year period (2010–2024), comprising 8,760 hourly observations annually. Hourly interconnection flow rates were collected for the same years across all major United States–Canada interfaces.[1–17]

Underlying Hypothesis

The team hypothesized that the MaxFlow between interconnected regions is critically influenced by regional load and generation extrema (maximum and minimum) and their variability. These statistics reflect grid stress conditions, influencing interregional energy flow. Additionally, nonlinear interactions due to imbalances in adjacent regions further affect energy transfer dynamics.

Regression Model

The XGBoost regression model was chosen because of its ability to capture complex, nonlinear relationships, regularization capability to prevent overfitting, high speed and performance, fast convergence, built-in handling of missing data, and ease of confidence interval approximation.

XGBoost builds many small decision trees, one after another. Each new tree learns to correct the mistakes of the previous ensemble by focusing on which predictions had the greatest error. Instead of creating one large, complex tree, it combines many simpler trees—each making a modest adjustment—so that, together, they capture nonlinear patterns and interactions. Regularization (penalties for tree size and leaf adjustments) prevents overfitting, and a "learning rate" scales each tree's contribution so that improvements are made gradually. The final prediction is simply the sum of all those small corrections.

Model Training, Validation, and Assessment

Figure B.1 shows the data analysis and prediction process, which ties together seven stages—from raw CSV loading through outlier filtering, feature engineering, projecting to 2030, rebuilding 2030 features, training an XGBoost model, and finally making and evaluating the 2030 flow forecasts with quantiles. Each stage feeds into the next, ensuring that the features used for training mirror exactly those that will be available for future (2030) predictions.

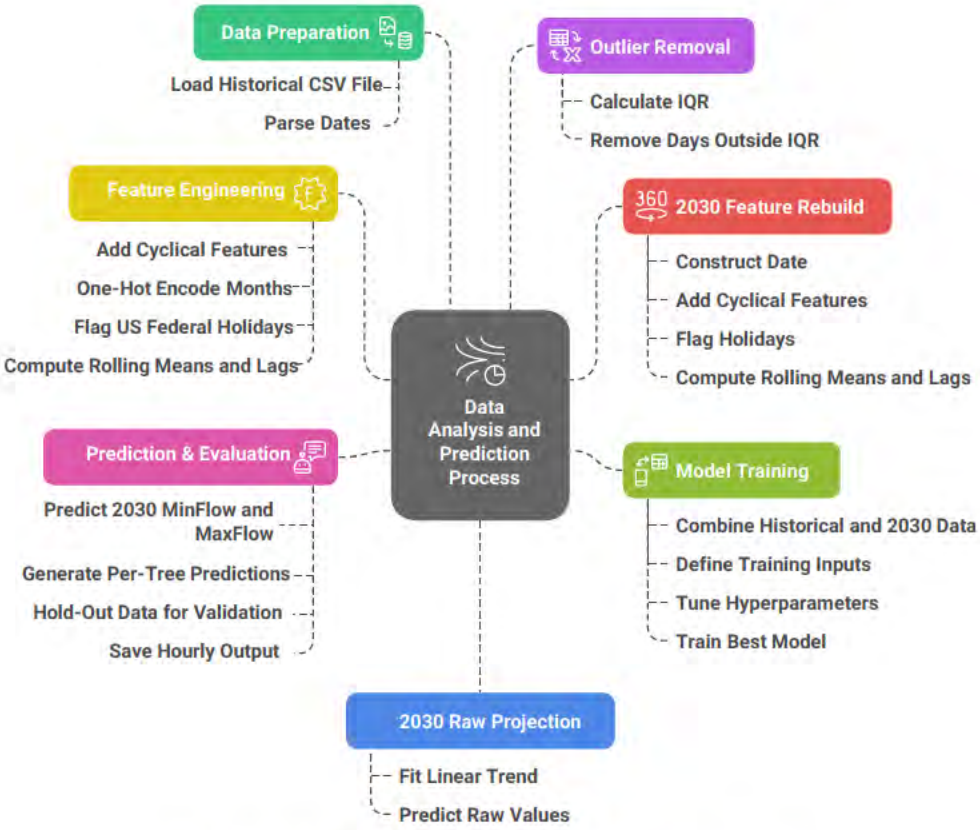


Figure B.1. Data analysis and prediction process.

Example Feature Importance for Predicting MaxFlow from Ontario to NYISO

The trained ML/XGBoost model can be used for predicting the desired year's MaxFlow. In addition, feature importance analysis can be added to assess the contribution of each variable.

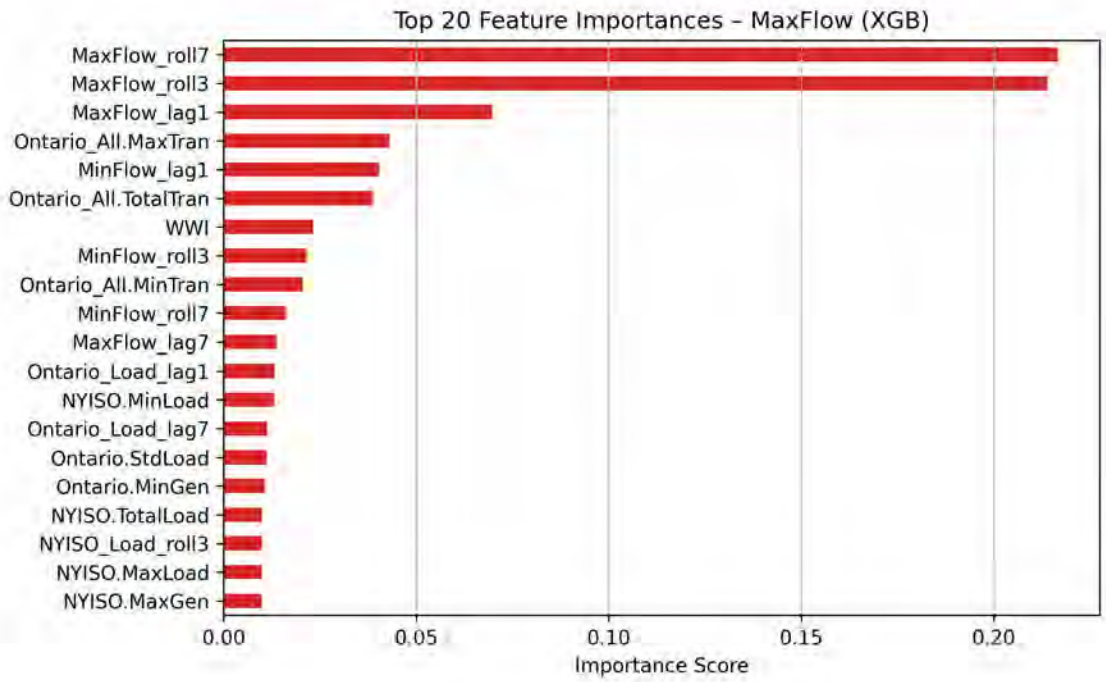


Figure B.2. Feature importance for predicting the hourly maximum energy transfer (MaxFlow) between NYISO and Ontario. XGB = eXtreme Gradient Boosting.

The feature importance plot shows that MaxFlow rolling/lagging features and Ontario_All.MaxTran are the dominant predictors of MaxFlow, meaning temporal patterns and Ontario's peak transfer capacity strongly influence interregional flow limits. Weather-related variables (WWI, e.g., temperature, humidity, etc.) and Ontario_All.TotalTran also rank highly. The 2030 MaxFlow prediction plot shows seasonal fluctuations, with higher values early and late in the year. The red shaded area represents a 95 percent confidence interval for the predictions.

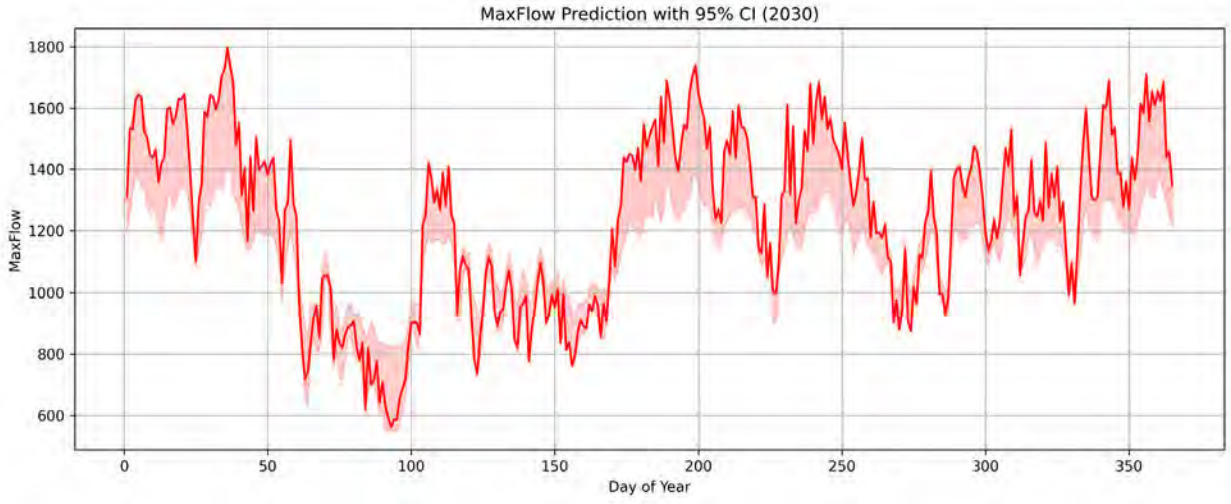


Figure B.3. Projected 2030 daily maximum energy transfer (MaxFlow) with 95 percent confidence interval (CI).

Model Performance

Validating model performance on unseen data is essential to ensure the model's reliability and generalizability. The following evaluation examines how well the XGBoost model predicts minimum energy transfer (MinFlow) and MaxFlow on the validation split, highlighting strengths and areas for improvement.

Rigorous performance evaluation is a fundamental step in any ML workflow. From quantifying error metrics (root mean square error and mean absolute error) and goodness-of-fit (R^2) on both training and validation splits, it is possible to identify overfitting, assess generalization, and guide model refinement. Table B.1 shows XGBoost model performance for the Ontario–NYISO transfer limit.

Table B.1. eXtreme Gradient Boosting model performance for the Ontario–NYISO transfer limit.

Metric	Value	Explanation
MinFlow RMSE (Train)	69.2528	Root mean square error (RMSE) on training data for minimum energy transfer (MinFlow)
MinFlow R^2 (Train)	0.9651	R^2 on training data for MinFlow (higher → better fit)
MinFlow RMSE (Validation)	163.6642	RMSE on held-out data for MinFlow
MinFlow R^2 (Validation)	0.8073	R^2 on held-out data for MinFlow (higher → better generalization)
MaxFlow RMSE (Train)	114.4234	RMSE on training data for maximum energy transfer (MaxFlow)
MaxFlow R^2 (Train)	0.8838	R^2 on training data for MaxFlow (higher → better fit)
MaxFlow RMSE (Validation)	144.9614	RMSE on held-out data for MaxFlow
MaxFlow R^2 (Validation)	0.8178	R^2 on held-out data for MaxFlow (higher → better generalization)

Overall, the XGBoost model delivers excellent in-sample as well as out-of-sample accuracy. Similar outputs are available for each transfer limit.

Maximum flow predictions: Ontario to New York

Ontario and NYISO are connected through multiple high-voltage interconnections, which collectively provide a total transfer capability of up to 2,500 MW, subject to individual tie-line limits. Table B.2 outlines the data sources, preparation process, and assumptions used in creating datasets for the prediction models.

Table B.2. Ontario to New York transmission flow data and assumptions overview.

	Description
Data source	https://www.ieso.ca/power-data/data-directory
Data preparation	IESO public hourly inter-tie schedule flow data can be accessed for the years spanning from 2002 to 2023.
Assumptions	Positive flow indicates that Ontario is exporting to NY, and negative flow indicates that Ontario is importing from NY.

Figure B.4 illustrates the historical monthly MaxFlow for Ontario from 2007 through 2024, alongside 2030 projected quartile scenarios (Q1, Q2, and Q3). Analyzing these trends helps assess future reliability and facilitates capacity planning under varying conditions.

Historical monthly peaks (2007–2023) reveal a clear seasonal cycle for ONT–NYISO transfers: flows typically increase in late winter/early spring (February–April) and again in late fall/early winter (November–December). Over 16 years, the average spring peaks hovered around 1,700–1,900 MW, with occasional spikes above 2,200 MW. The 2030 forecast for Q1, Q2, and Q3 aligns with this pattern, predicting a springtime peak near 1,800 MW, a summer trough around 1,400 MW, and a modest late-summer uptick near 1,500 MW.

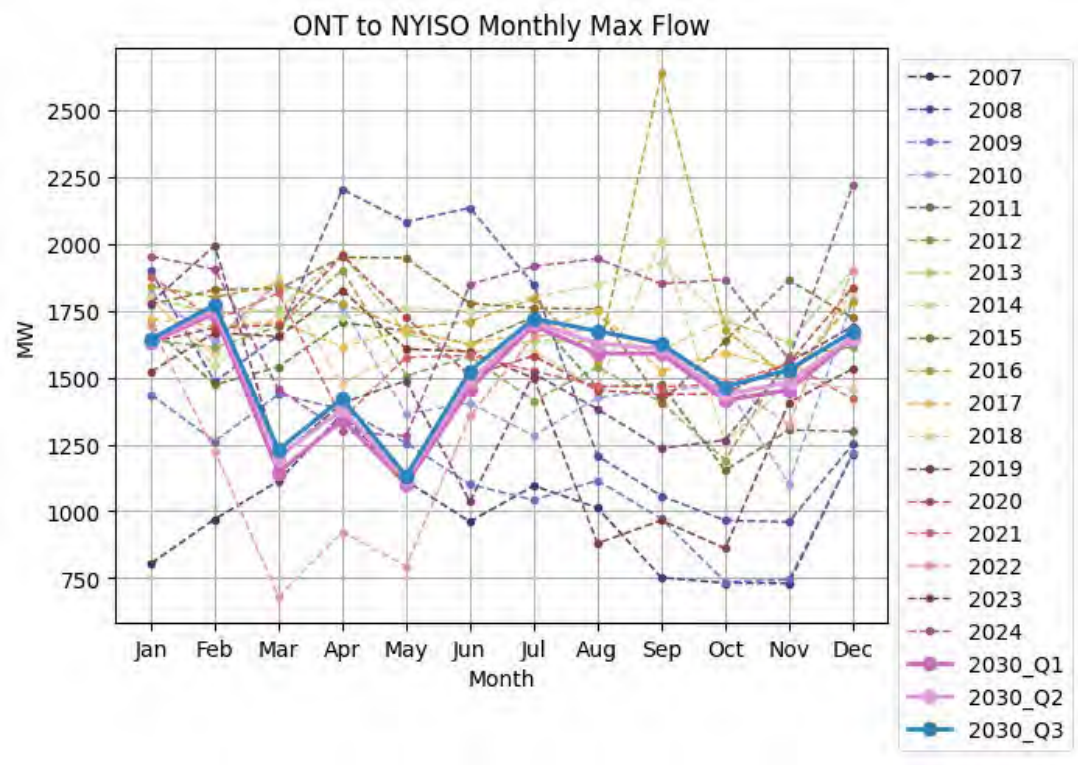


Figure B.4. Monthly maximum energy transfer between Ontario (ONT) and New York (NYISO).

The team used robust validation metrics to justify these results. When trained on daily data from the 2010–2024 period—incorporating projected 2030 loads, seasonal flags, and holiday effects—the XGBoost model achieved $R^2 > 0.80$ and a root mean square error below 150 MW on an unseen 20 percent hold-out dataset. Moreover, the 95 percent confidence intervals for monthly maxima were narrow (approximately ±150 MW), demonstrating low predictive uncertainty. A comparison of predicted maxima with historical extremes revealed that 2030 forecasts consistently fell within (or slightly above) the previous window of variability, implying realistic demand-driven behavior. In summary, the close alignment with historical peaks, strong cross-validated performance, and tight confidence bands collectively validate the results.

Discussion

The reason that the team used ML/XGBoost to approximate the 2030 transfer profiles was to ensure that there would be no violations or inconsistencies between transfer limits, load, and generation. The 15 years of data used were sufficient for having the models learn historical relationships and project them forward to 2030 to capture the underlying trends in load,

generation, and their interactions. The use of such an extensive dataset justifies using ML to establish consistent transfer profiles.

However, in some regions, like Ontario to NYISO, the available data encompassed a shorter time period, and the relationships were only partially captured because of a lack of neighboring-region data. In such cases, it was necessary to incorporate additional predictors, such as rolling and lag features from the transfer limits. Although the direct use of transfer limit data to project future transfer limits would typically be avoided, these engineered features help improve predictions when data coverage is sparse and the model's goodness-of-fit is low.

In all cases, the ML models ensured that these historical relationships were not violated, maintaining internal consistency among load, generation, and transfer limits. Overall, the team relied on ML when long-term data were available for training and projecting load and generation profiles. Rolling and lag features were used to reinforce the model when data availability was limited, but always with the goal of upholding consistent physical relationships in the 2030 projections.

Supplementary Plots for Additional Transfers

This section presents figures and tables showing results and source data information for each transfer listed below:

(iii) Pacific Northwest to British Columbia

(iv) Alberta to Montana

(v) Manitoba to MISO West

(vi) Ontario to MISO West

(vii) Ontario to MISO East

(viii) Ontario to New York

(ix) Hydro-Quebec to New York

(x) Hydro-Quebec to New England

(xi) New Brunswick to New England

The figures show the daily MaxFlow for each transfer that was considered in this analysis.

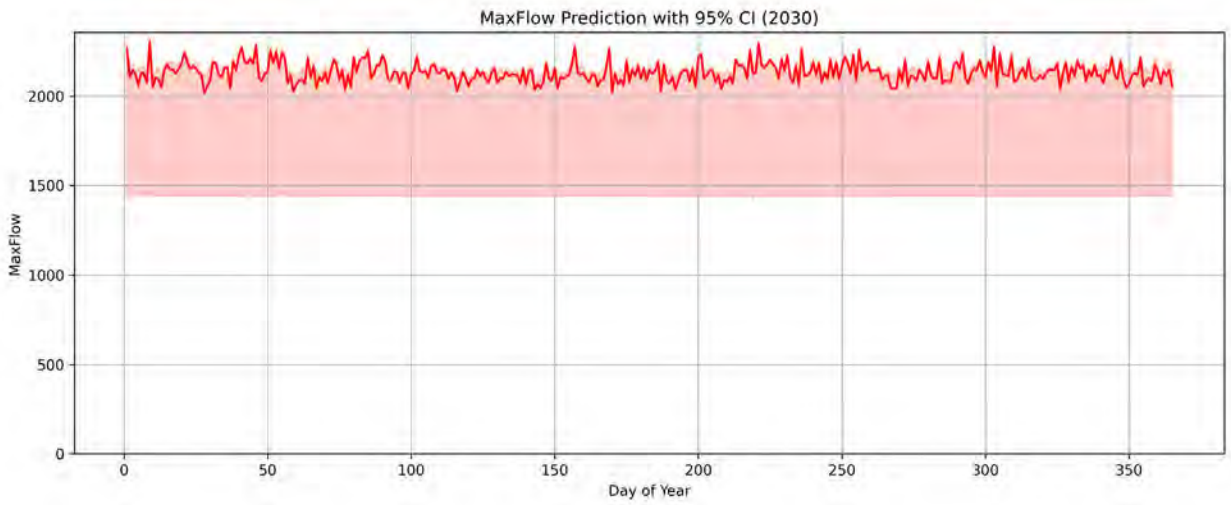


Figure B.5. Projected 2030 daily maximum energy transfer (MaxFlow) with 95 percent confidence interval (CI) between British Columbia and the Pacific Northwest.

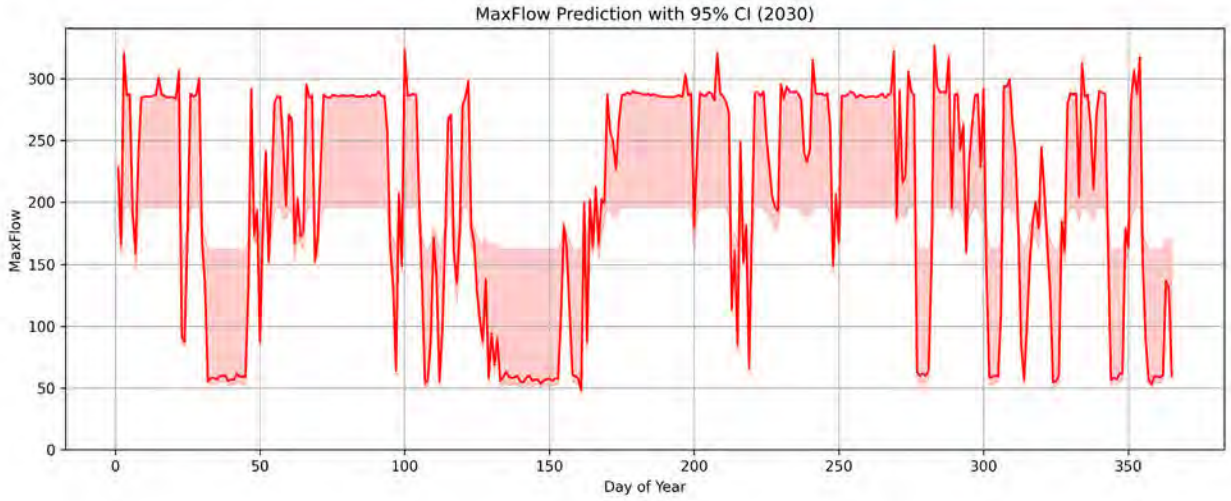


Figure B.6. Projected 2030 daily maximum energy transfer (MaxFlow) with 95 percent confidence interval (CI) between AESO and Montana.

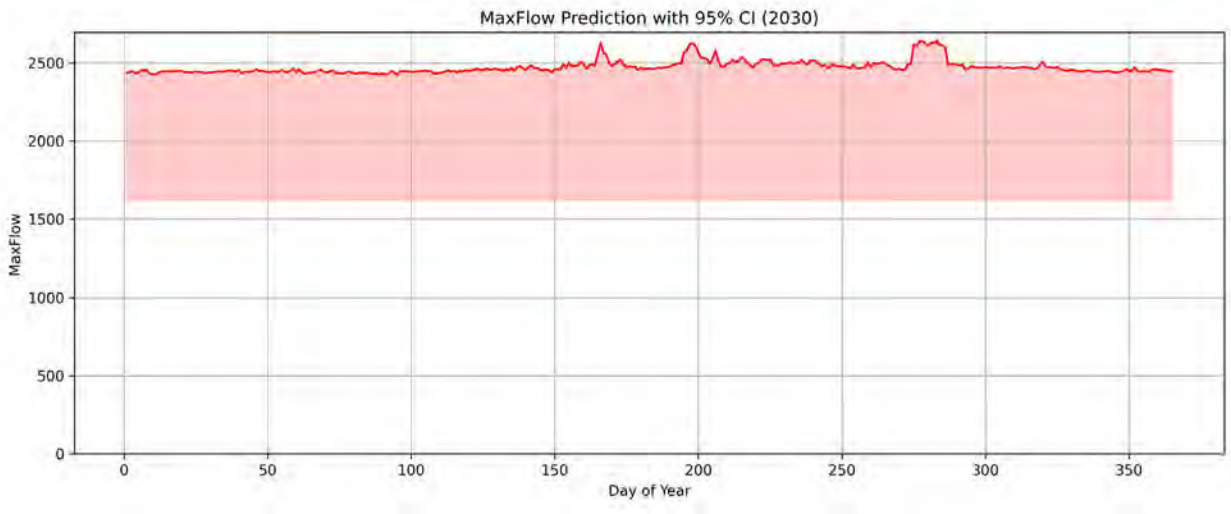


Figure B.7. Projected 2030 maximum energy transfer (MaxFlow) with 95 percent confidence interval (CI) between Manitoba and MISO.

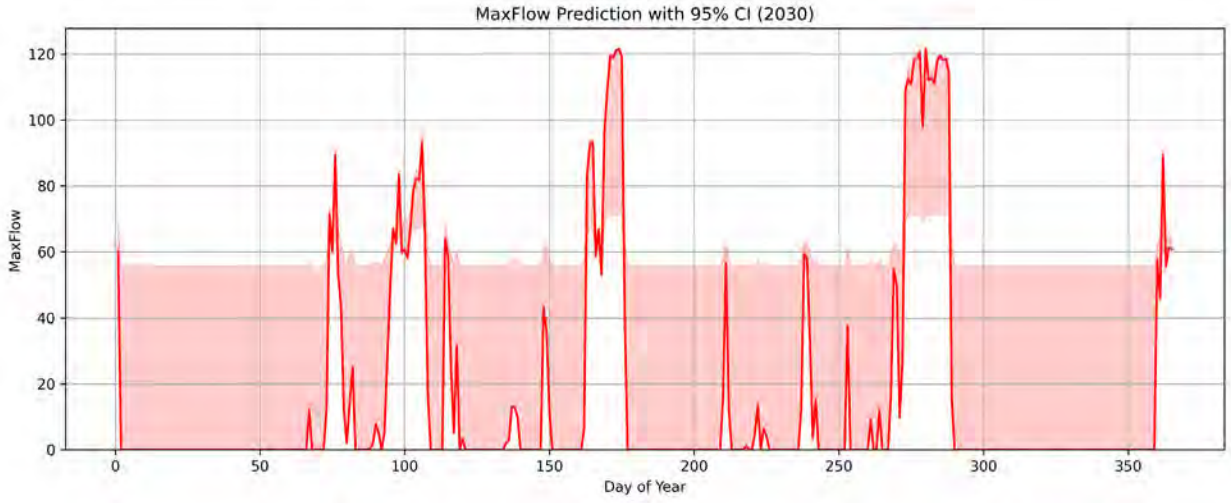


Figure B.8. Projected 2030 daily maximum energy transfer (MaxFlow) with 95 percent confidence interval (CI) between Ontario and MISO West.

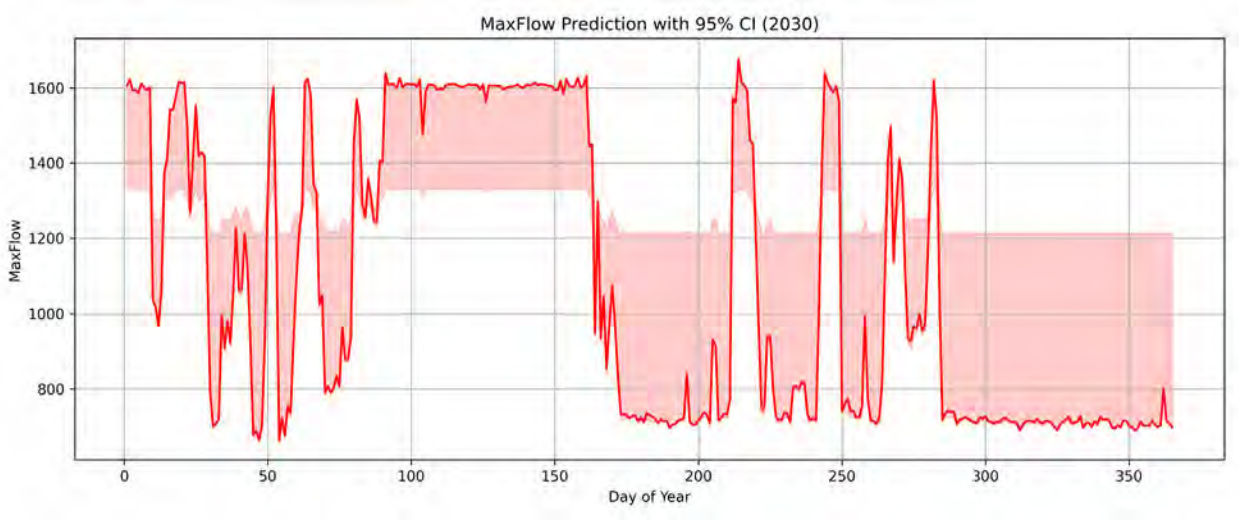


Figure B.9. Projected 2030 daily maximum energy transfer (MaxFlow) with 95 percent confidence interval (CI) between Ontario and MISO East.

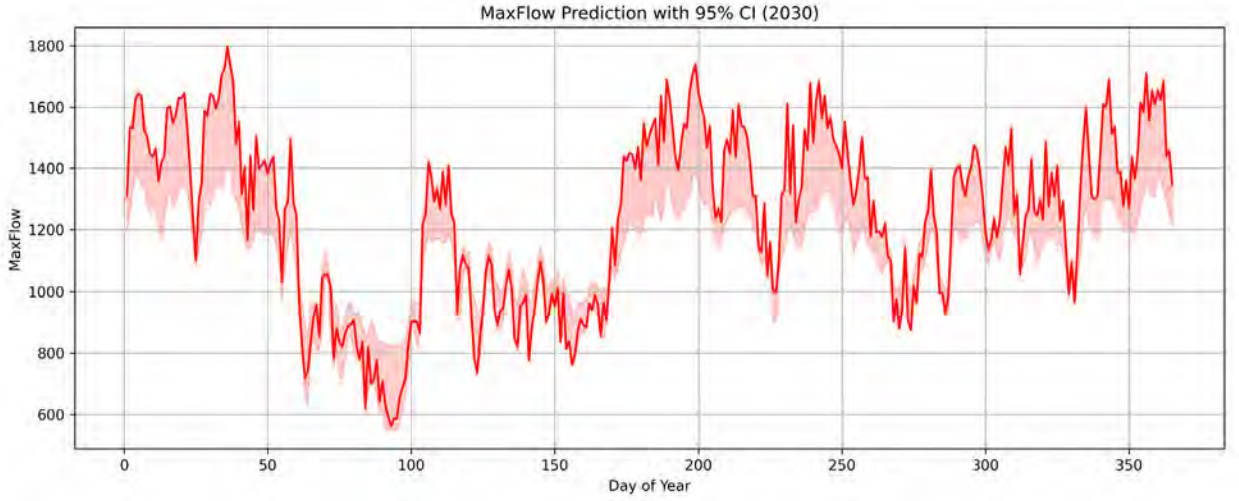


Figure B.10. Projected 2030 daily maximum energy transfer (MaxFlow) with 95 percent confidence interval (CI) between Ontario and New York.

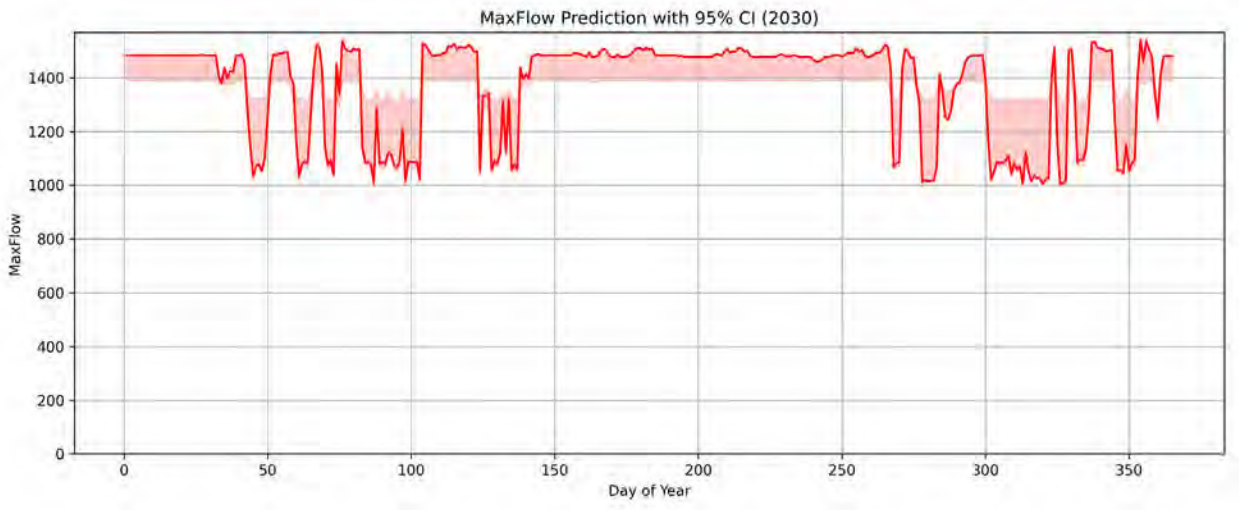


Figure B.11. Projected 2030 daily maximum energy transfer (MaxFlow) with 95 percent confidence interval (CI) between Quebec and New York.

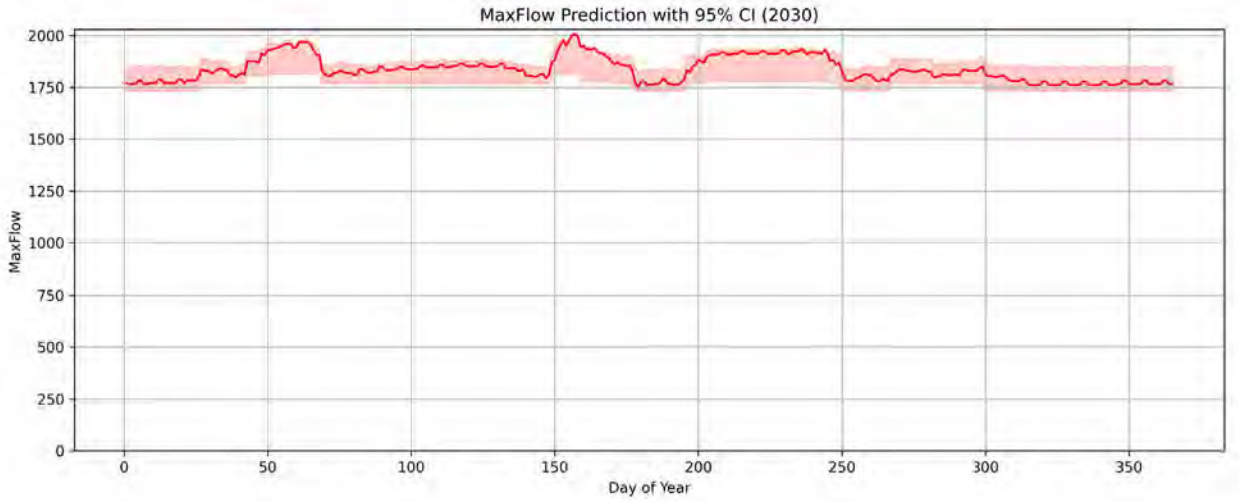


Figure B.12. Projected 2030 daily maximum energy transfer (MaxFlow) with 95 percent confidence interval (CI) between Quebec and New England.

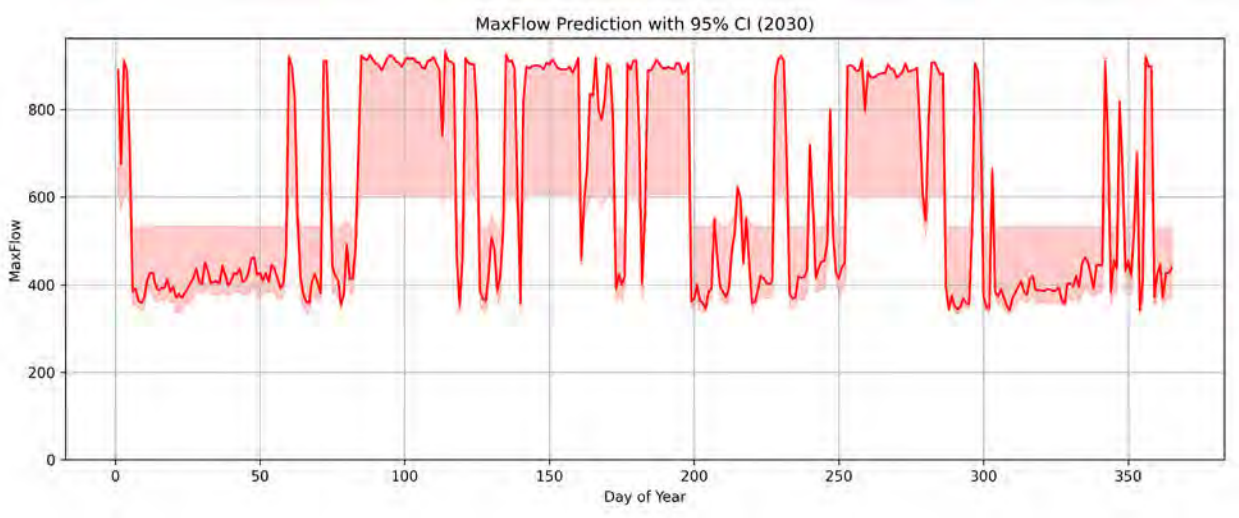


Figure B.13. Projected 2030 daily maximum energy transfer (MaxFlow) with 95 percent confidence interval (CI) between New Brunswick and New England.

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EO 14262

Federal Register / Vol. 90, No. 70 / Monday, April 14, 2025 / Presidential Documents 15521

Presidential Documents

Executive Order 14262 of April 8, 2025

Strengthening the Reliability and Security of the United States Electric Grid

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered:

Section 1. *Purpose*. The United States is experiencing an unprecedented surge in electricity demand driven by rapid technological advancements, including the expansion of artificial intelligence data centers and an increase in domestic manufacturing. This increase in demand, coupled with existing capacity challenges, places a significant strain on our Nation's electric grid. Lack of reliability in the electric grid puts the national and economic security of the American people at risk. The United States' ability to remain at the forefront of technological innovation depends on a reliable supply of energy from all available electric generation sources and the integrity of our Nation's electric grid.

Sec. 2. *Policy*. It is the policy of the United States to ensure the reliability, resilience, and security of the electric power grid. It is further the policy of the United States that in order to ensure adequate and reliable electric generation in America, to meet growing electricity demand, and to address the national emergency declared pursuant to Executive Order 14156 of January 20, 2025 (Declaring a National Energy Emergency), our electric grid must utilize all available power generation resources, particularly those secure, redundant fuel supplies that are capable of extended operations.

Sec. 3. *Addressing Energy Reliability and Security with Emergency Authority*. (a) To safeguard the reliability and security of the United States' electric grid during periods when the relevant grid operator forecasts a temporary interruption of electricity supply is necessary to prevent a complete grid failure, the Secretary of Energy, in consultation with such executive department and agency heads as the Secretary of Energy deems appropriate, shall, to the maximum extent permitted by law, streamline, systemize, and expedite the Department of Energy's processes for issuing orders under section 202(c) of the Federal Power Act during the periods of grid operations described above, including the review and approval of applications by electric generation resources seeking to operate at maximum capacity.

(b) Within 30 days of the date of this order, the Secretary of Energy shall develop a uniform methodology for analyzing current and anticipated reserve margins for all regions of the bulk power system regulated by the Federal Energy Regulatory Commission and shall utilize this methodology to identify current and anticipated regions with reserve margins below acceptable thresholds as identified by the Secretary of Energy. This methodology shall:

(i) analyze sufficiently varied grid conditions and operating scenarios based on historic events to adequately inform the methodology;

(ii) accredit generation resources in such conditions and scenarios based on historical performance of each specific generation resource type in the real time conditions and operating scenarios of each grid scenario; and

(iii) be published, along with any analysis it produces, on the Department of Energy's website within 90 days of the date of this order.

(c) The Secretary of Energy shall establish a process by which the methodology described in subsection (b) of this section, and any analysis and results it produces, are assessed on a regular basis, and a protocol to identify which generation resources within a region are critical to system reliability. This protocol shall additionally:

(i) include all mechanisms available under applicable law, including section 202(c) of the Federal Power Act, to ensure any generation resource identified as critical within an at-risk region is appropriately retained as an available generation resource within the at-risk region; and

(ii) prevent, as the Secretary of Energy deems appropriate and consistent with applicable law, including section 202 of the Federal Power Act, an identified generation resource in excess of 50 megawatts of nameplate capacity from leaving the bulk-power system or converting the source of fuel of such generation resource if such conversion would result in a net reduction in accredited generating capacity, as determined by the reserve margin methodology developed under subsection (b) of this section.

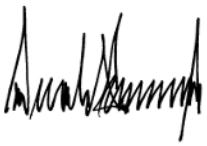
Sec. 4. *General Provisions.* (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.



THE WHITE HOUSE,
April 8, 2025.

[FR Doc. 2025–06381
Filed 4–11–25; 8:45 am]
Billing code 3395–F4–P

Available at (accessed on 5/27/2025):
https://www.federalregister.gov/documents/2025/04/14/2025-06381/strengthening-the-reliability-and-security-of-the-united-states-electric-grid



U.S. DEPARTMENT of ENERGY

For more information, visit:
energy.gov/topics/reliability

DOE/Publication Number • July, 7 2025

BEFORE THE UNITED STATES DEPARTMENT OF ENERGY

Federal Power Act Section 202(c) Emergency Order: Midcontinent Independent System Operator and Northern Indiana Public Service Company LLC	)))))	Order No. 202-26-46
Federal Power Act Section 202(c) Emergency Order: Midcontinent Independent System Operator and CenterPoint Energy Indiana South	)))))	Order No. 202-26-47

Exhibit to
Motion to Intervene and Request for Rehearing and Stay of
Public Interest Organizations

Exhibit 97
DOE July 7, 2025 Press Release

An official website of the United States government Here's how you know

Department of Energy Releases Report on Evaluating U.S. Grid Reliability and Security

The Department of Energy warns that blackouts could increase by 100 times in 2030 if the U.S. continues to shutter reliable power sources and fails to add additional firm capacity.

Energy.gov

July 7, 2025

4 min

The Department of Energy warns that blackouts could increase by 100 times in 2030 if the U.S. continues to shutter reliable power sources and fails to add additional firm capacity.

WASHINGTON— The U.S. Department of Energy (DOE) today released its Report on Evaluating U.S. Grid Reliability and Security. The report fulfills Section 3(b) of President Trump's Executive Order, *Strengthening The Reliability And Security Of The United States Electric Grid*, by

delivering a uniform methodology to identify at-risk regions and guide Federal reliability interventions.

The analysis reveals that existing generation retirements and delays in adding new firm capacity, driven by the radical green agenda of past administrations, will lead to a surge in power outages and a growing mismatch between electricity demand and supply, particularly from artificial intelligence (AI)-driven data center growth, threatening America's energy security.

"This report affirms what we already know: The United States cannot afford to continue down the unstable and dangerous path of energy subtraction previous leaders pursued, forcing the closure of baseload power sources like coal and natural gas," Secretary Wright said. "In the coming years, America's reindustrialization and the AI race will require a significantly larger supply of around-the-clock, reliable, and uninterrupted power. President Trump's administration is committed to advancing a strategy of energy addition, and supporting all forms of energy that are affordable, reliable, and secure. If we are going to keep the lights on, win the AI race, and keep electricity prices from skyrocketing, the United States must unleash American energy."

Highlights of the Report:

- **The status quo is unsustainable.** DOE's analysis shows that, if current retirement schedules and incremental additions remain unchanged, most regions will face unacceptable reliability risks within five years and the Nation's electrical power grid will be unable to meet expected demand for AI, data centers, manufacturing and industrialization while keeping the cost of living low for all Americans. Staying on the present course would undermine U.S. economic growth, national security, and leadership in emerging technologies.

- **Grid growth must match the pace of AI innovation.** Electricity demand from AI-driven data centers and advanced manufacturing is rising at a record pace. The magnitude and speed of projected load growth cannot be met with existing approaches to load addition and grid management. Radical change is needed to unleash the transformative potential of innovation.
- **With projected load growth, retirements increase the risk of power outages by 100 times in 2030.** Allowing 104 GW of firm generation to retire by 2030—without timely replacement—could lead to significant outages when weather conditions do not accommodate wind and solar generation. Modeling shows annual outage hours could increase from single digits today to more than 800 hours per year. Such a surge would leave millions of households and businesses vulnerable. We must renew a focus on firm generation and continue to reverse radical green ideology in order to address this risk.
- **Planned supply falls short, reliability at risk.** The 104 GW of plant retirements are replaced by 209 GW of new generation by 2030; however, only 22 GW comes from firm baseload generation sources. Even assuming no retirements, the model found outage risk in several regions rises more than 30-fold, proving the queue alone cannot close the dependable-capacity deficit.
- **Old tools won't solve new problems.** Traditional peak-hour tests to evaluate resource adequacy do not sufficiently account for growing dependence on neighboring grids. At a minimum, modern methods of evaluating resource adequacy need to incorporate frequency, magnitude, and duration of power outages, move beyond exclusively analyzing peak load time periods, and develop integrated models to enable proper analysis of increasing reliance on neighboring grids.

DOE's report identifies regions most vulnerable to outages under various weather and retirement scenarios and offers capacity targets needed to restore acceptable reliability. The methodology also informs the

potential use of DOE's emergency authority under Section 202(c) of the Federal Power Act.

Click here for a fact sheet on the report.

###

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Exhibit to
Motion to Intervene and Request for Rehearing and Stay of
Public Interest Organizations

Exhibit 98
Culley East Ash Pond Closure Plan

AECOM

Submitted to
Southern Indiana
Gas & Electric Company
Inc. (SIGECO)
One Vectren Square
Evansville, IN 47708

Submitted by
AECOM
1300 East 9th Street
Suite 500
Cleveland, Ohio 44114

September 10, 2021

CCR Certification: Written Closure Plan §257.102 (b) & (d)

for the

East Ash Pond

at the

F.B. Culley Generating Station

Revision 1

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Executive Summary

This Coal Combustion Residuals (CCR) Written Closure Plan (Closure Plan) for the East Ash Pond at the Southern Indiana Gas & Electric Company Inc., F.B. Culley Generating Station has been prepared in accordance with the requirements specified in the USEPA CCR Rule under 40 Code of Federal Regulations §257.102. These regulations require that the specified documentation, assessments and plans for an existing CCR surface impoundment be prepared by October 13, 2016. The Initial Closure Plan proposed a Closure-in-Place (CiP) methodology and was prepared in accordance with these requirements. This Closure Plan (Rev. 1) represents an update to the Initial Closure Plan (Rev. 0) considering recent developments to implement a closure by removal (CbR) methodology for closure of the East Ash Pond.

This Closure Plan meets the regulatory requirements as summarized in **Table ES-1.**

Table ES-1 – Certification Summary

Report Section	CCR Rule Reference	Requirement Summary	Requirement Met?	Comments
Closure Plan				
2.1	§257.102 (b)	*A written closure plan must be prepared that describes the steps necessary to close the unit*	Yes	This Closure Plan has been prepared based on a closure design. All steps necessary to close the unit and information as required concerning the unit are included in the Closure Plan.
2.2	§257.102 (c)	*Closure by Removal*	Yes	This Closure Plan has been prepared based on a closure by removal design. All steps necessary to close the unit and information as required concerning the unit are included in the Closure Plan.

The East Ash Pond at the F.B. Culley Generating Station is currently an active surface impoundment. Upon decision and/or requirement to close this surface impoundment, a Notification of Intent to Initiate Closure will be placed in the Operating Record, closure operations will commence, and the surface impoundment will be closed within the time frame as allowed in the CCR Rule. It is anticipated that the East Ash Pond will initiate closure by March 2023.

1 Introduction

1.1 Purpose of this Report

The purpose of the Closure Plan is to document that the requirements specified in 40 Code of Federal Regulations (CFR) §257.102 have been met to support the certification required under each of the applicable regulatory provisions for the East Ash Pond at F.B. Culley Generating Station. The East Ash Pond is an existing coal combustion residuals (CCR) surface impoundment as defined by 40 CFR §257.53. The CCR Rule requires that the Initial Written Closure Plan for an existing CCR surface impoundment be prepared by October 13, 2016. The Initial Closure Plan proposed a Closure-in-Place (CiP) methodology and was prepared in accordance with these requirements. This Closure Plan (Rev. 1) represents an update to the Initial Closure Plan (Rev. 0) considering recent developments to implement a closure by removal (CbR) methodology for closure of the East Ash Pond.

The following table summarizes the documentation required within the CCR Rule and the sections that specifically respond to those requirements of this plan.

Table 1-1 – CCR Rule Cross Reference Table

Report Section	Title	CCR Rule Reference
2.1	Content of the Plan	§257.102 (b)(1)
2.2	Achievement of Performance Standards	§257.102 (c)

1.2 Brief Description of Impoundment

The Culley station is located in Warrick County, Indiana, southeast of Newburgh, Indiana, and is owned and operated by Southern Indiana Gas and Electric Company (SIGECO). The Culley station (Culley) is located along the north bank of the Ohio River and the west bank of Little Pigeon Creek along the southeast portion of the site. Culley historically has had two CCR surface impoundments, identified as the West Ash Pond and the East Ash Pond. The East Ash Pond actively receives CCR materials and the West Ash Pond has since closed and no longer receives or manages CCR materials. This Closure Plan has been developed for the East Ash Pond. The East Ash Pond is approximately 10 acres in size.

The history of construction report for the East Ash Pond indicates that the pond construction commenced in the 1971. The original design plans indicate that earthen embankments for the East Ash Pond were constructed by placing fill along the south side (adjacent to the Ohio River) and the east side (adjacent to Little Pigeon Creek), and tying into existing high ground at the north and west sides. Prior to the construction of the generating station, Little Pigeon Creek originally ran through the footprint of the East Ash Pond, continuing through the current location of the generating station and the former West Ash Pond. During the construction of the generating station in the 1950s, Little Pigeon Creek was re-routed to the Ohio River east of the Culley Station. The top of the East Ash Pond embankment was constructed to an approximate elevation of 397 feet. Interior side slopes of the pond vary, but original design documents indicate that the slopes are approximately 2.5H:1V (horizontal to vertical) from the top

of the dike to approximately halfway down the interior slope until a flat bench. From the bench to the bottom of the pond, the slope is approximately 2H:1V. The embankment of the East Ash Pond is approximately 1,200 feet long, 15 feet wide at the crest, 30 feet high, and has approximately 2.5H:1V exterior side slopes covered with trees, riprap, concrete rubble and undergrowth vegetation. The surface area of the impoundment is approximately 9.8 acres. Within the pond, there are two small pools. One is being utilized as a settling basin for the discharge from the FGD wastewater treatment system. The ponded water has a surface area of approximately 7 acres and has a normal operating level of 386.5 feet.

A Site Location Map showing the area surrounding the station is included as **Figure 1** of **Appendix A**. **Figure 2** in **Appendix A** presents the F.B. Culley Site Map.

2 Written Closure Plan

Regulatory Citation: 40 CFR §257.102 (b); Written closure plan—

- *(1) Content of the plan. The owner or operator of a CCR unit must prepare a written closure plan that describes the steps necessary to close the CCR unit at any point during the active life of the CCR unit consistent with recognized and generally accepted good engineering practices. The written closure plan must include, at a minimum, the information specified in paragraphs (b)(1)(i) through (vi) of this section.*

The Written Closure Plan for the East Ash Pond is described in this section. Information about operational and maintenance procedures was provided by Culley plant personnel. The Culley station follows an established maintenance program that quickly identifies and resolves issues of concern.

2.1 Content of the Plan

2.1.1 Closure Plan Description

Regulatory Citation: 40 CFR §257.102 (b)(1);

- *(i) Narrative description of how the CCR unit will be closed in accordance with this section.*

The entire footprint of the East Ash Pond will be excavated to remove CCR to historical/pre-development grades. The East Ash Pond will be dewatered to facilitate CCR excavation. Excavated CCR materials will be either beneficially reused or disposed at a third party disposal site. The existing southern embankment will be breached to direct stormwater to an NPDES permitted outfall. Closure operations will involve:

1) Dewatering the impoundment;

2) Excavation and removal of all CCR materials;

3) Dike breach & outfall construction; and

4) Seeding and final vegetative stabilization

In accordance with §257.102(b)(3), this Closure Plan will be amended as needed to provide additional details after the final engineering design is completed. This Closure Plan reflects the information available to date.

Regulatory Citation: 40 CFR §257.102 (b)(1);

- *(ii) If closure of the CCR unit will be accomplished through removal of CCR from the CCR unit, a description of the procedures to remove the CCR and decontaminate the CCR unit in accordance with paragraph (c) of this section.*

Excavation in the East Ash Pond footprint will advance until historical/pre-development grades have been achieved and all CCR has been removed from within the CCR unit. Upon attaining pre-development grades, a visual inspection will be conducted to identify any remnant CCR materials. Remnant CCR materials identified by this inspection will subsequently be removed by additional excavation. This process may be supplemented by analytical testing to satisfy state-specific closure protocols, as appropriate. Following completion of this process and

consistent with current regulatory provisions, groundwater monitoring will be conducted until it can be confirmed that concentrations do not exceed the groundwater protection standard established pursuant to §257.95(h) for constituents listed in Appendix IV.

Regulatory Citation: 40 CFR §257.102 (b)(1);

- *(iii) If closure of the CCR Unit will be accomplished by leaving CCR in place, a description of the final cover system and methods and procedures used to install the final cover.*

Not applicable.

2.1.2 Inventory and Area Estimates

Regulatory Citation: 40 CFR §257.102 (b);

- *(iv) An estimate of the maximum inventory of CCR ever on-site over the active life of the CCR unit.*

An estimate of the maximum inventory of CCR ever on-site over the active life is 349,000 cubic yards.

Regulatory Citation: 40 CFR §257.102 (b);

- *(v) An estimate of the largest area of the CCR unit ever requiring a final cover as required by paragraph (d) of this section at any time during the CCR unit's active life.*

Not applicable.

2.1.3 Closure Schedule

Regulatory Citation: 40 CFR §257.102 (b)(1);

- *(vi) Schedule for completing all activities necessary to satisfy the closure criteria in this section, including an estimate of the year in which all closure activities for the CCR unit will be completed.*

The milestones and the associated timeframes are initial estimates. Some of the activities associated with the milestones will overlap. Amendments to the milestones and timeframes will be made as more information becomes available.

Table 2-1 – Closure Schedule

Milestone	Schedule
Initial Written Closure Plan (Rev. 0)	October 13, 2016
Written Closure Plan (Rev. 1)	September 10, 2021
Notification of Intent to Close Placed in Operating Record	March 2023 or no later than the date closure of the CCR unit is initiated. Closure to commence in accordance with the applicable timeframes in 40 CFR 257.102(e).

Table 2-1 – Closure Schedule	
Milestone	Schedule
Agency coordination and permit acquisition – Coordinating with state agencies for compliance. – Acquiring state permits.	2021-2023 2022-2023
Mobilization	March 2023
Closure Construction Activities CCR – Complete dewatering, as necessary – Complete excavation of CCR – Final Dike Breach/Final Stabilization	 June 2024 June 2024 December 2024
Estimate of Year in which all closure activities will be completed.	2024-2025

2.2 Achievement of Closure by Removal

Regulatory Citation: 40 CFR §257.102 (c); Closure by removal of CCR

An owner or operator may elect to close a CCR unit by removing and decontaminating all areas affected by releases from the CCR unit. CCR removal and decontamination of the CCR unit are complete when constituent concentrations throughout the CCR unit and any areas affected by releases from the CCR unit have been removed and groundwater monitoring concentrations do not exceed the groundwater protection standard established pursuant to §257.95(h) for constituents listed in appendix IV to this part.

Excavation in the East Ash Pond footprint will advance until historical/pre-development grades have been achieved and all CCR has been removed from within the CCR unit. Upon attaining pre-development grades, a visual inspection will be conducted to identify any remnant CCR materials. Remnant CCR materials identified by this inspection will subsequently be removed by additional excavation. This process may be supplemented by analytical testing to satisfy state-specific closure protocols, as appropriate. Following completion of this process and consistent with current regulatory provisions, groundwater monitoring will be conducted until it can be confirmed that concentrations do not exceed the groundwater protection standard established pursuant to §257.95(h) for constituents listed in Appendix IV.

2.3 Amendment to Initial or any Subsequent Written Closure Plan

The Initial Written Closure Plan (Rev. 0) dated October 13, 2016 is hereby being amended by this Written Closure Plan (Rev. 1) on September 10, 2021 as required by §257.102 (b)(3).

3 Certification

This Certification Statement documents that the East Ash Pond at the F.B. Culley Generating Station meets the Written Closure Plan requirements specified in 40 CFR §257.102 (b) and the closure by removal requirements as specified in 40 CFR §257.102 (c). The East Ash Pond is an existing CCR surface impoundment as defined by 40 CFR §257.53. The CCR Rule requires that the Initial Written Closure Plan for an existing CCR surface impoundment be prepared by October 13, 2016. An amendment to the Initial Written Closure Plan is provided herein, dated September 10, 2021.

CCR Unit: Southern Indiana Gas & Electric Company; F.B. Culley Generating Station; East Ash Pond

I, Jay Mokotoff, being a Registered Professional Engineer in good standing in the State of Indiana, do hereby certify, to the best of my knowledge, information, and belief that the information contained in this certification has been prepared in accordance with the accepted practice of engineering. I certify, for the above referenced CCR Unit, that the Initial Written Closure Plan dated October 13, 2016 and hereby amended on September 10, 2021 meets the requirements of 40 CFR § 257.102.

Jay D. Mokotoff
Printed Name

September 10, 2021
Date



4 Limitations

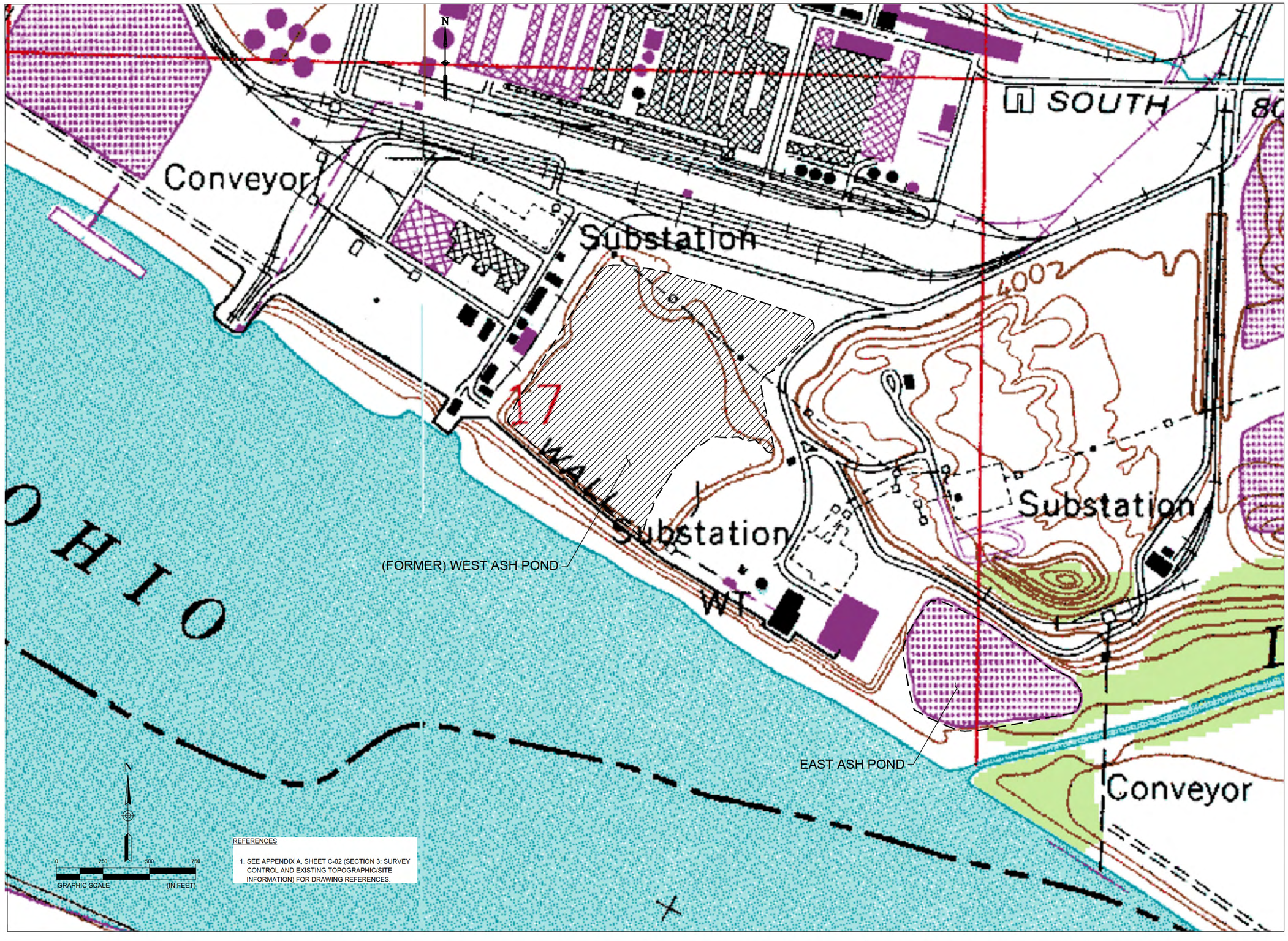
Background information, design basis, and other data which AECOM has used in preparing this report have been furnished to AECOM by SIGECO. AECOM has relied on this information as furnished and is not responsible for the accuracy of this information. Our recommendations are based on available information from previous and current investigations. These recommendations may be updated as future investigations are performed.

The conclusions presented in this report are intended only for the purpose, site location, and project indicated. The provisions and recommendations presented in this report should not be used for other projects or purposes. Conclusions or recommendations made from these data by others are their responsibility. The conclusions and recommendations are based on AECOM's understanding of current plant operations, maintenance, stormwater handling, and ash handling procedures at the station, as provided by SIGECO. Changes in any of these operations or procedures may invalidate the findings in this report until AECOM has had the opportunity to review the findings and revise the report if necessary.

This development of the Closure Plan was performed in accordance with the standard of care commonly used as state-of-practice in our profession. Specifically, our services have been performed in accordance with accepted principles and practices of the engineering profession. The conclusions presented in this report are professional opinions based on the indicated project criteria and data available at the time this report was prepared. Our services were provided in a manner consistent with the level of care and skill ordinarily exercised by other professional consultants under similar circumstances. No other representation is intended.

Appendix A
Figures

Figure 1 – Location Map
Figure 2 – Site Map



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F.B. CULLEY
GENERATING STATION
NEWBURGH, INDIANA

CLOSURE BY REMOVAL
OF EAST ASH POND

CLOSURE PLAN

NOT FOR
CONSTRUCTION

ISSUED FOR BIDDING	DATE BY
ISSUED FOR CONSTRUCTION	DATE BY

REVISIONS

NO.	DESCRIPTION	DATE
△		
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AECOM PROJECT NO:	60586569
DRAWN BY:	WCPP
DESIGNED BY:	AG
CHECKED BY:	JDM
DATE CREATED:	
PLOT DATE:	07/29/2021
SCALE:	NOTED
ACAD VER:	2019

SHEET TITLE

SITE LOCATION

FIGURE 1

SHEET 1 OF 2

AECOM DRAWING PATH: C:\Users\Wadson.Phanord\Desktop\Culley East\IDEM Version\Appendices\Figures\Figure 1 – Site Location.dwg
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ISSUED FOR BIDDING	DATE BY
ISSUED FOR CONSTRUCTION	DATE BY

REVISIONS

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DESIGNED BY:	AG
CHECKED BY:	JDM
DATE CREATED:	
PLOT DATE:	07/29/2021
SCALE:	NOTED
ACAD VER:	2019

SHEET TITLE

AERIAL SITE MAP

FIGURE 2

SHEET 2 OF 2

AECOM DRAWING PATH: C:\Users\Wodson.Phanord\Desktop\Culley East\IDEM Version\Appendices\Figures\Figure 2 – Site Aerial.dwg

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AECOM (NYSE: ACM) is a global provider of professional technical and management support services to a broad range of markets, including transportation, facilities, environmental, energy, water and government. With nearly 100,000 employees around the world, AECOM is a leader in all of the key markets that it serves. AECOM provides a blend of global reach, local knowledge, innovation, and collaborative technical excellence in delivering solutions that enhance and sustain the world's built, natural, and social environments. A Fortune 500 company, AECOM serves clients in more than 100 countries and has annual revenue in excess of $19 billion.

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BEFORE THE UNITED STATES DEPARTMENT OF ENERGY

Federal Power Act Section 202(c) Emergency Order: Midcontinent Independent System Operator and Northern Indiana Public Service Company LLC	)))))	Order No. 202-26-46
Federal Power Act Section 202(c) Emergency Order: Midcontinent Independent System Operator and CenterPoint Energy Indiana South	)))))	Order No. 202-26-47

Exhibit to
Motion to Intervene and Request for Rehearing and Stay of
Public Interest Organizations

Exhibit 99
PIOs' RFR of July Resource Adequacy Report

BEFORE THE UNITED STATES DEPARTMENT OF ENERGY

In re	)
Resource Adequacy Report	)
Evaluating the Reliability and Security	)
Of the United States Electric Grid	)
	)

Motion to Intervene and Request for Rehearing of
Natural Resources Defense Council, the Ecology Center, Environmental Defense Fund, Environmental Law and Policy Center, Public Citizen, Sierra Club, and Vote Solar

I. INTRODUCTION

Pursuant to section 313 of the Federal Power Act ("the Act"), 16 U.S.C. § 825*l*, Natural Resources Defense Council, the Ecology Center, Environmental Defense Fund, Environmental Law and Policy Center, Public Citizen, Sierra Club, and Vote Solar ("Public Interest Organizations") hereby move, to the extent necessary, to intervene and request rehearing of the Department of Energy's ("Department" or "DOE") "Resource Adequacy Report: Evaluating the Reliability and Security of the United States" ("RAR").[1] The Department issued the RAR in response to Executive Order 14,262 *Strengthening the Reliability and Security of the United States Electric Grid,* April 8, 2025 ("Grid EO"),[2] and claims that the RAR is a "uniform methodology to identify at-risk region(s) and guide reliability interventions" as directed by the Grid EO.[3] But the Department simultaneously disclaims the utility of the RAR to guide interventions uniformly, acknowledging on the very first page that the various "entities responsible for the maintenance and operation of the grid" have information "that could further enhance the robustness of reliability decisions" in their parts of the grid.[4]

The flaws in the RAR continue. The Department overstates assumptions about demand growth and likely retirements while understating likely new entry, building into the RAR an inherent bias toward a finding of inadequate resource adequacy. The Department also departs from best practices by using a

[1] July 7, 2025, https://www.energy.gov/sites/default/files/2025-07/DOE%20Final%20EO%20Report%20%28FINAL%20JULY%207%29.pdf (attached as Ex. 1) (hereinafter, the "RAR").

[2] 90 Fed. Reg. 15521 (Apr. 8, 2025) (hereinafter "Grid EO").

[3] *Id.* at vi.

[4] *Id.* at i.

deterministic approach, which fails to account for necessary uncertainties and demonstrates that the RAR's findings should not be taken as conclusive or form the basis for further extraordinary actions. And on some critical aspects of the RAR analysis, the Department simply fails to explain its own methodology; while the Department describes two thresholds at which the RAR projects outages will occur, it fails to explain when it applies the standard threshold and when it applies the elevated one. These flaws render any reliance on the RAR to "guide reliability interventions" arbitrary and capricious.

While the Department acknowledges that the RAR is unsuitable to guide reliability interventions uniformly and provided no notice or opportunity to comment, the Department nevertheless does not clarify how it will use the RAR, creating confusion as to whether the RAR, in conjunction with the Grid EO, is intended to function as a final rule. Public Interest Organizations believe that the RAR should not be used as the basis for future action by the Department. We submit this request for rehearing in an abundance of caution, to the extent the Department later argues that any of these issues must have been raised in a request for rehearing within 30 days of the publication of the RAR, 16 U.S.C. § 825*l*. We also reserve our right to argue in later proceedings that 16 U.S.C. § 825*l* does not apply.

In sum, the RAR is a poorly crafted solution in search of a problem; there is no "energy emergency" and the regulatory bodies who actually possess authority to ensure resource adequacy are doing their jobs. Consequently, the RAR serves no useful purpose and should simply be withdrawn. By DOE's own admission, the RAR cannot reasonably be relied on to guide DOE interventions, nor, given the false premise and multiple mistaken assumptions, does it provide any value even as a purely informational report. On the contrary, it will only cause confusion for grid operators, energy providers, and members of the public. In the alternative, the Department should not use the RAR as support for any reliability intervention or other action until and unless it (1) provides notice of the statutory authority under which DOE issued the RAR and publishes all data underlying the RAR, (2) explains in detail the specific uses for the methodology, and (3) allows interested parties to comment on the RAR before finalizing it.

II. STATEMENT OF ISSUES

1. The Department intrudes on Federal Energy Regulatory Commission ("FERC" or "the Commission") and state authority. 16 U.S.C. §§ 824a(c),824o-1; 42 U.S.C. § 7113.
2. The RAR's findings, even if accurate, do not demonstrate any emergency allowing the Department to compel generation under the Federal Power Act. 16 U.S.C. § 824a(c); S. Rep. No. 74-621 (1935); 10 C.F.R. § 205.371; 10 C.F.R. § 205.375; 46 Fed. Reg. 39,985.

3. The RAR is analytically flawed and does not rely upon substantial evidence. 16 U.S.C. 824a(a); 16 U.S.C. § 824o(a)(3).
4. The Department cannot use the RAR as a "uniform methodology" without giving notice and taking public comment. 5 U.S.C. §§ 552, 553; 10 C.F.R. §§ 205.371; 205.373.
5. The Department cannot use the RAR as a "uniform methodology" without following National Environmental Policy Act procedural requirements. 42 U.S.C. § 4332(C).

III. INTERVENTION

Each of the Public Interest Organizations has interests that may be directly and substantially affected by the use of this RAR as a "uniform methodology" to guide "reliability interventions," including the issuance of Emergency Orders under Section 202(c) of the Federal Power Act, 16 U.S.C. § 824a(c).[5] To the extent that the RAR is determined to be an Order or Rule, each party may intervene in this proceeding.[6] And to the extent the Department treats the RAR as binding and uses it to guide reliability interventions, each of the Public Interest Organizations and their members will suffer concrete injuries that are redressable through rehearing.[7] Each organization is therefore aggrieved if the RAR is a "uniform methodology" for use in guiding interventions, as the Department purports, and each organization may properly apply for rehearing, assuming without conceding that the rehearing procedures apply.[8]

A. Natural Resources Defense Council

Natural Resources Defense Council ("NRDC") is a national non-profit membership organization whose mission includes ensuring the rights of all people to clean air, clean water, and healthy communities. NRDC has a longstanding organizational commitment to protect the interests of its members and to reducing pollution caused by fossil fuel fired power plants. NRDC works to achieve clean

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[5] *See* RAR, Ex. 1 at iv.

[6] *See* U.S. Dep't of Energy, DOE 202(c) Order Rehearing Procedures, https://www.energy.gov/ceser/doe-202c-order-rehearing-procedures (last visited June 18, 2025) (archived version attached as Ex. 2) (hereinafter "DOE Rehearing Procedures"). This website was altered after June 18, 2025, and the procedures were removed. *Compare* https://web.archive.org/web/20250604093213/https://www.energy.gov/ceser/doe-202c-order-rehearing-procedures with the current website. *See also* Email from Lot Cooke, U.S. Dep't of Energy to Linda Alle-Murphy Re: Rehearing procedures for DOE Order No. 202-05-3 (December 30, 2005) (recommending that "a party seeking rehearing can look for procedural guidance to [Federal Energy Regulatory Commission's ("FERC")] Rules of Practice and Procedure, 18 CFR Part 385.") (attached as Ex. 3).

[7] *See, e.g. Alcoa Inc. v. FERC*, 564 F.3d 1342, 1346 (D.C. Cir. 2009).

[8] *See* 16 U.S.C. § 825*l*(a); *Wabash Valley Power Ass'n, Inc. v. FERC*, 268 F.3d 1105, 1112-13 (D.C. Cir. 2001); *NextEra Energy Res. v. ISO New Eng., Inc.*, 157 FERC ¶ 61,059, at P 5 (2016).

energy solutions that will lower consumer energy bills, meet greenhouse gas emission reduction goals, accelerate the use of energy efficiency and renewable energy, and ensure that clean energy is affordable and accessible to all. NRDC has hundreds of thousands of members across the United States. These NRDC members are harmed by orders to operate fossil fuel powered generation past planned retirement dates because continued operation will subject NRDC members to air and water pollution in the areas where they live, work, and recreate. NRDC members are also exposed to the noise and visual impacts of these facilities' operations. In addition, NRDC members are ratepayers in regions who will be subject to higher electric bills as a result of new or renewed 202(c) Orders issued as a result of the RAR. For that reason, NRDC filed requests for rehearing of DOE's 202(c) orders issued to the J.H. Campbell and Eddystone plants, the latter of which explicitly stated that it would be reexamined following publication of the methodology. NRDC has five U.S. offices that also will be subject to higher electric bills as a result of "reliability interventions" undertaken as a result of the RAR's "uniform methodology." Moreover, NRDC has a sustainable operations plan with a goal of reducing net creation of greenhouse gas emissions derived from building operational activity to zero. NRDC and its members therefore have a strong interest in promoting actions that displace less cost-effective fossil generation with more cost-effective clean energy.

B. The Ecology Center

The Ecology Center is a Michigan-based non-profit organization headquartered in Ann Arbor, Michigan, with additional offices in Detroit, Michigan. Ecology Center is a public interest organization with more than 50 years of experience advocating for clean energy production, healthy communities, environmental justice, and a sustainable future. Ecology Center works at the local, state, and federal level. Its programs address systemic sources of poor health and environmental degradation through unique partnerships with environmental health and environmental advocates. Ecology Center has over 6,000 members and supporters, that live, use electricity, and pay electric bills in Michigan and could be subject to higher electric bills as a result of new or renewed 202(c) Orders issued as a result of the RAR. In addition, Ecology Center members are harmed by orders to operate fossil fuel powered generation past planned retirement dates because continued operation will subject Ecology Center members to air and water pollution in the areas where they live, work, and recreate.

C. Environmental Defense Fund

The Environmental Defense Fund ("EDF") is a non-profit membership organization with hundreds of thousands of members nationwide whose mission is to build a vital Earth for everyone by preserving the natural systems on which all life depends. Guided by expertise in science, economics, law, and business partnerships, EDF seeks practical and lasting solutions to address environmental problems and protect human health, including in particular by addressing pollution from the power sector. On behalf of its members, EDF works with partners across

the private and public sectors to engage in utility regulatory forums at the federal level and throughout the United States to advocate for policies that will create an affordable, reliable, and low pollution energy system. Recent 202(c) Orders issued by the DOE have harmed members of EDF by causing increases in pollution, which impact the health of people and nature, and in energy costs. EDF has submitted requests for rehearing regarding the DOE Orders related to the J.H. Campbell and Eddystone power plants and a Petition for Review regarding the DOE Order regarding the J.H. Campbell plant. Further 202(c) Orders issued as a result of the RAR, including extensions of the J.H. Campbell and Eddystone orders and orders directed at other generators, will result in further pollution and cost impacts that will harm EDF members.

D. Environmental Law and Policy Center

Environmental Law and Policy Center ("ELPC") is a not-for-profit environmental organization with members, contributors, and offices throughout the Midwest. Among other things, ELPC advocates before state public service commissions and the Federal Energy Regulatory Commission for clean, reliable energy generation in order to reduce ratepayer costs and improve environmental outcomes. ELPC members in the Midwest live, work, and recreate near power plants that burn coal or other fossil fuels and are directly impacted by their pollutants. In addition, ELPC members are ratepayers in regions who could be subject to higher electric bills as a result of new or renewed 202(c) Orders issued as a result of the RAR. ELPC and its members could be subject to higher electric bills and impacted by additional pollution as a result of "reliability interventions" undertaken as a result of the RAR's "uniform methodology." ELPC has a longstanding organizational commitment to protect the interests of its members, to reduce pollution caused by fossil fuel-fired power plants, and to promote clean, reliable energy generation.

E. Public Citizen

Public Citizen, Inc. hereby intervenes in these proceedings. Public Citizen, Inc. is an active intervenor and participant before the Federal Energy Regulatory Commission in Federal Power Act proceedings, as well as before the U.S. Department of Energy in both electricity export and natural gas export dockets to ensure just and reasonable rates and that utilities' operations are consistent with the public interest. Established in 1971, Public Citizen, Inc. is a national, not-for-profit, non-partisan, research and advocacy organization representing the interests of American household consumers. Public Citizen has members in all 50 states and represents the interests of consumers, not represented by any other party in this proceeding. Financial details about our organization are on our website: www.citizen.org/about/annual-report/.

F. Sierra Club

Sierra Club is a national environmental non-profit whose purpose is to explore, enjoy, and protect the wild places of the earth; to practice and promote the responsible use of the earth's ecosystems and resources; to educate and enlist humanity to protect and restore the quality of the natural and human environment; and to use all lawful means to carry out these objectives. To those ends, the Sierra Club and its members have worked to limit pollution caused by fossil-fuel-fired power plants through public education and advocacy at the local, state, and federal level. Sierra Club represents over 640,000 members nationwide, many of whom reside and recreate in the regions in which the RAR purports to identify resource shortfalls requiring the continued operation of coal- and gas-fired generation. Sierra Club members in those areas would be harmed by the pollution and the increased utility rates caused by any such continued operation.

G. Vote Solar

Vote Solar is an independent 501(c)(3) non-profit working to re-power the U.S. with clean energy by making solar power more accessible and affordable through effective policy advocacy. In over half of the country, Vote Solar seeks to promote the development of solar at every scale, from distributed rooftop solar to large utility-scale plants. Vote Solar has over 90,000 members nationally. Vote Solar members are ratepayers in regions who could be subject to higher electric bills as a result of new or renewed 202(c) Orders issued as a result of the RAR. Vote Solar is not a trade organization, nor does it have corporate members. Vote Solar is committed to promoting clean, renewable energy and transitioning away from coal generation.

IV. BACKGROUND

A. Executive Orders

The genesis of the RAR lies in the President's unsupported day one declaration of a national energy emergency: *Declaring a National Energy Emergency* ("Energy Emergency EO").[9] That declaration's lack of factual underpinning was highlighted in a recent report by DOE's independent statistics and analysis arm, the Energy Information Administration ("EIA"). The EIA report highlights how U.S. energy production and exports are currently at an all-time high.[10] Nonetheless, the Energy Emergency EO was cited as a basis for the

[9] Exec. Order No. 14,156, 90 Fed. Reg. 8433 (January 20, 2025) (hereinafter "Energy Emergency EO") (attached as Ex. 4). *See* also RAR, Ex. 1 at vi (explaining that the Grid EO "builds on" the Energy Emergency EO).

[10] *See* U.S. EIA, *U.S. primary energy production, consumption, and exports increased in 2024* (June 20, 2025), https://www.eia.gov/todayinenergy/detail.php?id=65524.

President's follow-up grid-specific executive order, the Grid EO, that led to DOE's publication of the RAR.[11]

The Grid EO directed DOE to take three steps to address the President's assertion that there may be lack of grid reliability in the future, including: 1) to streamline the processes to issue orders pursuant to Federal Power Act Section 202(c);[12] 2) to develop a reserve margin assessment methodology and use it to identify at risk regions and critical energy resources within those regions and to publish that methodology within 90-days of the Grid EO;[13] and 3) to establish a protocol for identifying critical generating resources and taking action to prevent retirement or conversion of the fuel source of such resources.[14]

Notably, the Grid EO was issued in conjunction with a series of actions by President Trump and DOE designed explicitly to prop up the coal and gas industries, including: 1) Executive Order 14,261, *Reinvigorating America's Beautiful Clean Coal Industry,*[15] which seeks to restart coal leasing and expand coal mining on federal lands, in addition to making these processes easier by offering loans and streamlining permitting;[16] 2) a Presidential Proclamation entitled *Regulatory Relief for Certain Stationary Sources to Promote American Energy* that exempts coal plants from complying with the U.S. Environmental Protection Agency's updated Mercury and Air Toxics Standards;[17] and 3) Executive Order 14,260, *Protecting American Energy from State Overreach*,[18] which directs the U.S.

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[11] Nor does the Energy Emergency EO supply legal support for the Grid EO. Under the National Emergencies Act, 50 U.S.C. § 1631, a declaration of national emergency does not authorize the exercise of emergency powers "unless and until the President specifies the provisions of law under which he proposes that he, or other officers will act." But as Congress made clear, the statute "is not intended to enlarge or add to Executive power" such as authority under Section 202(c), only to "establish clear procedures and safeguards for the exercise by the President of emergency powers conferred on him by other statutes." S. Rep. No. 94-1168, 3 (1976).

[12] Grid EO Section 3(a).

[13] *Id.* Section 3(b).

[14] *Id.* Section 3(c).

[15] *See* Exec. Order No. 14,261, 90 Fed. Reg. 15,517 (Apr. 8, 2025).

[16] DOE simultaneously announced several initiatives to subsidize the coal industry, including loan guarantees for coal-fired power plant projects. Dep't of Energy, *Energy Department Acts to Unleash American Coal by Strengthening Coal Technology and Securing Critical Supply Chains* (Apr. 8, 2025), https://www.energy.gov/articles/energy-department-acts-unleash-american-coal-strengthening-coal-technology-and-securing.

[17] Proclamation No. 10914, 90 Fed. Reg. 16777 (Apr. 8, 2025).

[18] Exec. Order No. 14,260, 90 Fed. Reg. 15513 (Apr. 8, 2025).

Department of Justice to take action to block states' exercises of their police powers to protect their residents from pollution caused by coal and fossil-fuel sources.[19]

B. RAR

On July 7, 2025, DOE published the RAR on its website. The RAR includes a deterministic analysis of the resource adequacy of the current electric system and three 2030 cases: (1) the Plant Closure case includes 104 GW of coal and gas retirements plus 100% of NERC's Tier 1 additions; (2) the No Plant Closures case includes no retirements but 100% of NERC's Tier 1 additions; and (3) the Required Build case begins with the Plant Closures scenario and projects what additional added perfect capacity would be needed to meet the RAR's determined reliability standards.[20] Each of the three 2030 scenarios assume 50 GW of load growth from data centers and an additional 51 GW of load growth from other sources.[21] The Department finds in the RAR that, under the current system, only ERCOT fails to achieve DOE's selected resource adequacy targets,[22] but that, based on the methodology used to forecast the 2030 scenarios, there will be broader resource adequacy issues in 2030.[23] And, notwithstanding the RAR's upfront acknowledgement that the analysis used "could benefit greatly from the in-depth engineering assessments which occur at the regional and utility level,"[24] the Department proceeds to make broad declarations of future need based on its findings in the RAR.[25]

DOE explained that the RAR was being issued pursuant to the Grid EO. The RAR incorporates a full copy of the Grid EO and explains that "[t]his report serves as DOE's response to [the Grid EO's] Section 3(b) … by delivering the required uniform methodology to identify at-risk region(s) and guide reliability

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[19] These actions mimic President Trump's failed efforts to prop up the coal industry during his first term, including DOE's proposed rule, soundly rejected by FERC, that would have provided assured cost recovery (including a return on equity) for coal and nuclear plants (*see* 162 FERC ¶ 61,012), and the President's unfulfilled directive that DOE use Section 202(c) and the Defense Production Act to block closure of uneconomic coal plants while requiring grid operators to bear the costs. *See* Draft Memorandum (May 29, 2018), https://embed.documentcloud.org/documents/4491203-Grid-Memo/.

[20] RAR, Ex. 1 at 4-5.

[21] *Id.* at 2-3, 15-17.

[22] *Id.* at 7.

[23] *Id.* at 6-9.

[24] *Id.* at i.

[25] *Id.* at 1-2. *See also*, DOE Fact Sheet, https://www.energy.gov/sites/default/files/2025-07/DOE_Fact_Sheet_Grid_Report_July_2025.pdf; DOE Press Release, https://www.energy.gov/articles/department-energy-releases-report-evaluating-us-grid-reliability-and-security.

interventions."[26] DOE's statement that it intends to use the methodology "to guide reliability interventions" and that DOE will continue to use the RAR "on a regular basis to ensure its usefulness for effective action among industry and government decision-makers across the United States" suggests that the RAR may be intended to also serve as the protocol called for by Section 3(c) of the Grid EO.[27] But the RAR fails to clarify this, or, if the RAR does not also serve as DOE's response to Section 3(c), whether a protocol has been or will be developed, or whether any protocol will be made public. The RAR does not include any discussion of Section 3(a) of the Grid EO. To the extent that the Department addressed that portion of the Grid EO's directions, it has not made any process changes public. On the contrary, the Department has made its processes under Section 202(c) even less transparent by removing the existing process guidance from the DOE website.[28]

Notwithstanding the statement in the RAR that DOE intends to use the "methodology to identify at-risk region(s) and guide reliability interventions," e.g., Section 202(c) Orders,[29] other portions of the RAR make clear that it can't and shouldn't be used as a basis for interventions, specifically not issuance of 202(c) Orders. First and foremost, the reliability projections in the RAR focus on conditions five years from now and concede that there are not current grid conditions that fit within Section 202(c)'s definition of an "emergency." Second, the Department candidly concedes the RAR's lack of robustness: "DOE acknowledges that the resource adequacy analysis that was performed in support of this study could benefit greatly from the in-depth engineering assessments which occur at the regional and utility level. The DOE study team built the methodology and analysis upon the best data that was available. However, entities responsible for the maintenance and operation of the grid have access to a range of data and insights that could further enhance the robustness of reliability decisions, including resource adequacy, operational reliability, and resilience."[30]

C. Section 202(c) Orders

Section 202(c) of the Federal Power Act allows the Secretary of Energy, in certain emergency situations, to require by order temporary connections of facilities, and generation, delivery, interchange, or transmission of electricity as the Secretary

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[26] RAR, Ex. 1 at vi.

[27] *Id.*

[28] *Compare* https://web.archive.org/web/20250604093213/https://www.energy.gov/ceser/doe-202c-order-rehearing-procedures with the current website.

[29] *See* Dep't of Energy, *Department of Energy Releases Report on Evaluating U.S. Grid Reliability and Security* (July 7, 2025), https://www.energy.gov/articles/department-energy-releases-report-evaluating-us-grid-reliability-and-security ("The methodology also informs the potential use of DOE's emergency authority under Section 202(c) of the Federal Power Act.").

[30] RAR, Ex. 1 at i.

determines will best meet the emergency and serve the public interest. Section 202(c) has an important purpose: to mitigate electricity shortages caused by war, drought, and other emergencies. In granting DOE the authority that Section 202(c) provides, Congress considered the severe societal consequences of blackouts and determined that avoiding those consequences justified allowing DOE to act without notice and to require operations that override environmental laws. But Congress was also very careful to narrowly limit DOE's use of that authority, as the title of the provision makes clear, to "temporary" "emergency" situations.[31] And while the statute doesn't define "emergency," DOE's regulations include a lengthy definition which reinforces the key element in the statute: 202(c) orders are for situations that are sudden and unexpected, not for longer term grid management.[32]

1. DOE's Past Use of 202(c) Orders

The Department's application of Section 202(c) consistently confirms the urgency of the conditions necessary to invoke the provision and underscores the lack of authority for the planned implementation scheme described in the Grid EO and RAR.[33] The Department's predominant practice has been to use Section 202(c) to address specific, imminent, and unexpected shortages—not to address longer-term reliability concerns or demand forecasts.[34]

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[31] *See, e.g., Richmond Power & Light,* 574 F.2d at 617 (Section 202(c) "speaks of 'temporary' emergencies, epitomized by wartime disturbances, and is aimed at situations in which demand for electricity exceeds supply and not at those in which supply is adequate but a means of fueling its production is in disfavor.").

[32] 10 C.F.R. § 205.371: "'Emergency,' as used herein, is defined as an unexpected inadequate supply of electric energy which may result from the unexpected outage or breakdown of facilities for the generation, transmission or distribution of electric power. Such events may be the result of weather conditions, acts of God, or unforeseen occurrences not reasonably within the power of the affected 'entity' to prevent. An emergency also can result from a sudden increase in customer demand, an inability to obtain adequate amounts of the necessary fuels to generate electricity, or a regulatory action which prohibits the use of certain electric power supply facilities. Actions under this authority are envisioned as meeting a specific inadequate power supply situation. Extended periods of insufficient power supply as a result of inadequate planning or the failure to construct necessary facilities can result in an emergency as contemplated in these regulations. In such cases, the impacted 'entity' will be expected to make firm arrangements to resolve the problem until new facilities become available, so that a continuing emergency order is not needed. Situations where a shortage of electric energy is projected due solely to the failure of parties to agree to terms, conditions or other economic factors relating to service, generally will not be considered as emergencies unless the inability to supply electric service is imminent. Where an electricity outage or service inadequacy qualifies for a section202(c) order, contractual difficulties alone will not be sufficient to preclude the issuance of an emergency order."

[33] *See FTC v. Bunte Brothers, Inc.*, 312 U.S. 349, 352 (1941) ("[J]ust as established practice may shed light on the extent of power conveyed by general statutory language, so the want of assertion of power by those who presumably would be alert to exercise it, is equally significant in determining whether such power was actually conferred.").

[34] *See, e.g.,* Dep't of Energy Order No. 202-22-4 (Dec. 24, 2022) (responding to ongoing severe winter storm producing immediate and "unusually high peak load" between December 23 and

The law also requires the Department to narrowly tailor the remedies in Section 202(c) orders to ensure that the orders only address the stated emergency, limit the order to "only [the] hours necessary to meet the emergency," be "consistent with any applicable Federal, State, or local environmental law or regulation," and to "minimize[] any adverse environmental impacts.[35] Up until recently, the Department has routinely followed these provisions of the law.[36]

2. DOE's Recent Misuse of Section 202(c)

Prior to issuance of the RAR but consistent with the direction in the Grid EO, DOE issued two Section 202(c) orders blocking the planned closures of two fossil-fuel fired generation resources that were unreliable, uneconomic, and at the end of their useful lives: the J.H. Campbell coal-fired plant in West Olive Michigan,[37] and units 3 and 4 of the Eddystone oil and gas fired plant in Eddystone, Pennsylvania.[38] The Eddystone 202(c) Order stated that "DOE plans to use this methodology [i.e., the RAR] to further evaluate Eddystone Units 3 and 4," thus raising questions about DOE's intentions as to the legal status and efficacy of the RAR.

Public Interest Organizations filed requests for rehearing for both the J.H. Campbell and Eddystone 202(c) Orders.[39] In both cases DOE failed to identify conditions that would qualify as "emergencies" for the purpose of issuance of Section 202(c) Orders. And both Section 202(c) Orders impose significant costs on ratepayers,[40] while increasing emissions of air pollutants and providing no

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December 26) (attached as Ex.5); Department of Energy Order 202-20-2 (Sept. 6, 2020) at 10-2 (responding to shortages produced by ongoing extreme heat and wildfires) (attached as Ex.6); *see also* Benjamin Rolsma, *The New Reliability Override*, 57 CONN. L. REV. 789, 803-4 (describing "sparing[]" use of Section 202(c) outside of wartime shortages during the twentieth century) (attached as Ex. 7).

[35] 16 U.S.C.§ 824a(c)(2).

[36] *See, e.g.,* Ex.5, Dep't of Energy Order No. 202-22-4 (Dec. 24, 2022) at 4-7 (limiting order to the 3 days of peak load, directing PJM to exhaust all available resources beforehand, requiring detailed environmental reporting, notice to affected communities, and calculation of net revenue associated with actions violating environmental laws); Ex.6, Dep't of Energy Order 202-20-2 (Sept. 6, 2020) at 3-4 (limiting order to the 7 days of peak load, directing CAISO to exhaust all available resources beforehand, requiring detailed environmental reporting).

[37]Dep't of Energy Order No. 202-25-3 (May 23, 2025) (attached as Ex. 8).

[38]Dep't of Energy Order No. 202-25-4 (May 30, 2025) (hereinafter "Eddystone 202(c) Order") (attached as Ex. 9).

[39] Mot. to Intervene and Request for Rh'g and Stay of Pub. Int. Orgs., DOE Ord. No. 202-25-3 (June 18, 2025) (hereinafter "Campbell RFR") (attached as Ex.10);Mot. to Intervene and Request for Rh'g and Stay of Pub. Int. Orgs., DOE Ord. No. 202-25-4 (June 27, 2025) (hereinafter "Eddystone RFR") (attached as Ex.11).

meaningful corresponding reliability benefit.[41] The Department denied both of Public Interest Organization's requests for rehearing by operation of law.[42]

D. Existing Mechanisms Ensure Resource Adequacy

In the United States, how electricity is bought and sold varies by region. Electric utilities can be either traditionally regulated and operate as vertically integrated monopolies, or they can operate in deregulated, competitive markets where electric energy prices are set by the market. Both vertically integrated utilities and utilities in deregulated markets are subject to federal oversight, and in some of the deregulated states, the state nonetheless exercises oversight over the terms of retail supply offers, especially for retail customers. And all utilities are subject to reliability standards developed by the North American Electric Reliability Corporation ("NERC") and approved by FERC. In sum, FERC, Regional Transmission Organizations ("RTOs"), States, and NERC all play a hand in ensuring resource adequacy.

1. Vertically integrated utilities

Until the 1990s, utilities were generally vertically integrated such that generation, transmission, and distribution resources were all held by the same entity.[43] Vertically integrated utilities must seek state approval for power plant investments.[44] Many state regulators require utilities to demonstrate the necessity of proposed investments through an integrated resource planning process.[45] This process is used for long-term planning and requires the utility to justify its investments and demonstrate how it plans to meet customer electricity demand.[46] Even though vertically integrated utilities generate their own electricity, many

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[40] *See e.g.* U.S. Sec. and Exch. Comm'n, Form 10-Q, Consumers Energy Company Quarterly Report For the Quarterly Period Ended June 30, 2025, at 39, 62, 92 (2025) https://d18rn0p25nwr6d.cloudfront.net/CIK-0000201533/10a900b7-263b-4ccd-82a0-4162ba7ae5f2.pdf (describing costs of $29 million to operate Campbell through June 30, 2025); FERC Docket No. ER25-2653-000 (PJM proposed cost allocation to implement DOE Order 202-25-4).

[41] *See* Campbell RFR, Ex. 10 at 11-14; Eddystone RFR, Ex. 11 at 56-60. 87-88.

[42] Dep't of Energy, Notice of Denial of Reh'g by Operation of Law and Providing for Further Consideration of Ord. No. 202-25-3A (July 28, 2025) (attached as Ex. 12); Dep't of Energy, Notice of Denial of Reh'g by Operation of Law and Providing for Further Consideration of Ord. No. 202-25-4A (Aug. 1, 2025) (attached as Ex. 13).

[43] *See* Kathryne Cleary and Karen Palmer, *US Electricity Markets 101* (March 17, 2022), Resources for the Future, https://www.rff.org/publications/explainers/us-electricity-markets-101/.

[44] *Id.*

[45] *Id.*

[46] *Id.*

trade with other utilities during times of need. These wholesale market transactions are subject to regulation by FERC.[47]

2. Competitive markets

Advances in technology and statutory changes led to the development of energy markets and merchant generation that is not owned by incumbent utilities.[48] In the 1990s, FERC fostered competitive markets through rules that allowed the establishment of independently-operated voluntary RTOs that determine the prices for energy, capacity, and ancillary services based on procurement and dispatch of least-cost resources through Order Nos. 888, 890, and 2000.[49] As RTO markets expanded, many states deregulated their utility monopolies and required them to join RTOs. Deregulated states use markets to determine which power plants are necessary for electricity generation.[50] Even in deregulated states, the state sites new generation. Market price signals encourage new investment when supply is tight and encourage the retirement of facilities that are no longer competitive when capacity is plentiful. RTOs now account for approximately 2/3 of all electricity sales in the U.S. and have saved consumers billions of dollars, increased reliability, and reduced environmental harm.[51]

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[47] *See* FERC, *Electric Power Markets* (last updated March 27, 2025), https://www.ferc.gov/electric-power-markets.

[48] *See, e.g.,* Order Terminating Rulemaking Proceeding, Initiating New Proceeding, And Establishing Additional Procedures, 162 FERC ¶ 61,012, PP 7-11 (2018); Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities, Order No. 888, FERC Stats. & Regs. ¶ 31,036, at 31,639-31,645 (1996), order on reh'g, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048, order on reh'g, Order No. 888-B, 81 FERC ¶ 61,248 (1997), order on reh'g, Order No. 888-C, 82 FERC ¶ 61,046 (1998), aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC, 225 F.3d 667 (D.C. Cir. 2000), aff'd sub nom. *New York v. FERC*, 535 U.S. 1 (2002).

[49] Order No. 888, FERC Stats. & Regs. ¶ 31,036, at 638-41 (1996), Order No. 890, FERC Stats. & Regs. ¶ 31,241, at 124-352 (1997), Order No. 2000, FERC Stats. & Regs. ¶ 31,089, at 99-130 (1999).

[50] State regulators in competitive markets still practice oversight over utilities. For example, some states, such as Michigan, use both the market and integrated resource planning. *See* Michigan Public Service Commission, *Phase III – Integrated Resource Plan* (last visited Aug. 4, 2025), https://www.michigan.gov/mpsc/commission/workgroups/mi-power-grid/phase-iii-integrated-resource-plan-mirpp-filing-requirements-demand-response-study-energy-waste-red. Other state legislatures or commissions have enacted subsidies to keep nuclear plants alive, such as in New York, Illinois, Ohio, and New Jersey. *See* U.S. EIA, Five states have implemented programs to assist nuclear power plants (Oct. 7, 2019), https://www.eia.gov/todayinenergy/detail.php?id=41534.

[51] *See, e.g.*, Judy Chang et al., The Brattle Group, Potential Benefits of a Regional Wholesale Power Market to North Carolina's Electricity Customers, 1, 3-7 (April 2019) https://www.brattle.com/wp-content/uploads/2021/05/16092_nc_wholesale_power_market_whitepaper_april_2019_final.pdf (discussing billions of dollars in estimated cost saving); Jennifer Chen & Devin Hartman, *Why wholesale market benefits are not always apparent in customer bills*, R Street (Nov. 10, 2021), https://www.rstreet.org/commentary/why-wholesale-market-benefits-are-not-always-apparent-in-

As explained by FERC, its "support of competitive wholesale electricity markets has been grounded in the substantial and well-documented economic benefits that these markets provide to consumers."[52] In addition to billions of dollars of consumer savings, FERC found that competitive markets protect consumers by "providing more supply options, encouraging new entry and innovation, spurring deployment of new technologies, promoting demand response and energy efficiency, improving operating performance, exerting downward pressure on costs, and shifting risk away from consumers."[53]

3. FERC and NERC Reliability Regulation

As part of its role in regulating the wholesale electric industry, FERC has implemented Congressional mandates to ensure system reliability, including establishing NERC as the Electric Reliability Organization, which sets industry standards for grid reliability that are approved by FERC;[54] coordination requirements for the natural gas and electricity market scheduling;[55] investigation and improvements required in light of the grid's response to extreme weather events;[56] and reviewing capacity accreditation processes to ensure that capacity markets generate reliable results.[57]

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customer-bills/ (same); Jeff St. John, *A Western US energy market would boost clean energy. Will it happen?*, Canary Media (Jun. 10, 2024), https://www.canarymedia.com/articles/utilities/a-western-us-energy-market-would-boost-clean-energy.-will-it-happen; John Tsoukalis et al., Assessment of Potential Market Reforms for South Carolina's Electricity Sector, at 6, 46, 77-78 (Apr. 27, 2019), https://www.scstatehouse.gov/CommitteeInfo/ElectricityMarketReformMeasuresStudyCommittee/2022-04-27%20-%20SC%20Electricity%20Market%20Reform_Brattle%20Report.pdf (discussing cost savings across regional wholesale markets).

[52] Order Terminating Rulemaking Proceeding, Initiating New Proceeding, and Establishing Additional Procedures, 162 FERC ¶ 61,012, P 11 (2018).

[53] *Id.* (citation omitted).

[54] PJM, NERC and Reliability Fact Sheet (Jan. 5, 2025), https://www.pjm.com/-/media/DotCom/about-pjm/newsroom/fact-sheets/nerc-and-reliability-fact-sheet.pdf. *See also* PJM, PJM Ensures a Reliable Grid (Jan. 29, 2025), https://www.pjm.com/-/media/DotCom/about-pjm/newsroom/fact-sheets/reliability-fact-sheet.pdf.

[55] PJM, PJM Promotes Gas/Electricity Industry Coordination (Jan. 29, 2025), https://www.pjm.com/-/media/DotCom/about-pjm/newsroom/fact-sheets/gas-electric-coordination-fact-sheet.pdf. *See also* Order 787, 145 FERC ¶ 61,134 (2013); Order 809, 151 FERC ¶ 61,049 (2015).

[56] *See e.g.,* Centralized Capacity Markets in Regional Transmission Organizations and Independent System Operators, 149 FERC ¶ 61,145 (2014) (order addressing technical conferences on, among other things, the 2014 Polar Vortex); Order Approving Extreme Cold Weather Reliability Standards EOP-011-3 and EOP-012-1 and Directing Modification of Reliability Standard EOP-012-1, 182 FERC ¶ 61094 (2023); Order Approving Extreme Cold Weather Reliability Standard EOP-012-2 and Directing Modification, 187 FERC ¶ 61,204 (2024). *See also* FERC, NERC and Regional Staff, Inquiry into Bulk-Power System Operations During December 2022 Winter Storm Elliott (Oct. 2023), https://www.ferc.gov/sites/default/files/2023-11/24_Winter-Storm_Elliot_1107_1300.pdf; FERC, NERC and Regional Entity Joint Staff, The February 2021 Cold Weather Outages in Texas and the

V. ARGUMENT

A. The Department Is Intruding on FERC and State Authority.

The Department's authority over reliability is strictly circumscribed to respond to imminent emergencies;[58] this authority does not extend to regulating long-term or overarching aspects of the electricity sector. Rather, Congress reserved to the states and FERC the authority to regulate the electric sector generally and to regulate resource adequacy and reliability specifically. Recent actions—starting with the Energy Emergency EO and culminating in the RAR—indicate, however, that DOE is not remaining in its designated lane.[59] The RAR lays bare the Department's agenda to prop up fossil fuel businesses by utilizing emergency authority in a systematic fashion that goes well beyond the scope of DOE's authority under the Federal Power Act and illegally intrudes upon authorities that Congress has explicitly reserved to the states or given to FERC.

The authority to maintain a reliable electric system in the United States has evolved over the years to include parties at the federal, regional, state, and local levels.[60] But the Department of Energy has never been granted primary regulatory authority over either reliability or resource adequacy of the grid. Rather, the Department of Energy Organization Act of 1977 ("Organization Act")[61] and the

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South Central United States (Nov. 2021), https://www.nerc.com/pa/Stand/Project202107ExtremeColdWeatherDL/FERC%20Presentation-Phase%202.pdf; PJM, Winter Storm Elliott Event Analysis and Recommendation Report (2023), https://www.pjm.com/-/media/DotCom/library/reports-notices/special-reports/2023/20230717-winter-storm-elliott-event-analysis-and-recommendation-report.pdf.

[57] *Id.*; *see also* Order Accepting Tariff Revisions Subject to Condition, 186 FERC ¶ 61,080 (2024).

[58] *See* 16 U.S.C. §§ 824a(c),824o-1.

[59] *See* Energy Emergency EO, Ex. 4; Grid EO Sec. 3 (RAR, Ex. 1 at C); RAR Ex. 1; DOE, DOE Fact Sheet, https://www.energy.gov/sites/default/files/2025-07/DOE_Fact_Sheet_Grid_Report_July_2025.pdf; DOE Press Release, https://www.energy.gov/articles/department-energy-releases-report-evaluating-us-grid-reliability-and-security; Eddystone 202(c) Order, Ex. 9; Dep't of Energy Order No. 202-25-3 (May 23, 2025), Ex. 8.

[60] *New York v. FERC*, 535 U.S. 1, 5-8 (2002) ("Prior to 1935, the States possessed broad authority to regulate public utilities"). *See generally* Nat'l Ass'n of Reg. Util. Comm'rs ("NARUC"), *Resource Adequacy for State Utility Regulators: Current Practices and Emerging Reforms* (Nov. 2023) https://pubs.naruc.org/pub/0CC6285D-A813-1819-5337-BC750CD704E3?_gl=1*oyp366*_ga*MTc1NzM0NTE0LjE3NTM5ODk1NDA.*_ga_QLH1N3Q1NF*czE3NTM5ODk1NDAkbzEkZzEkdDE3NTM5ODk1NzUkajI1JGwwJGgw; NARUC, *Resource Adequacy Primer for State Regulators* (July 2021), https://pubs.naruc.org/pub/752088A2-1866-DAAC-99FB-6EB5FEA73042?_gl=1*1mituzu*_ga*MTc1NzM0NTE0LjE3NTM5ODk1NDA.*_ga_QLH1N3Q1NF*czE3NTM5ODk1NDAkbzEkZzAkdDE3NTM5ODk1NDAkajYwJGwwJGgw.

[61] 42 U.S.C. § 7111 *et seq.*

Federal Power Act[62] give to the Department only narrow, emergency authority over the electric system—for example through Federal Power Act Sections 202(c) and 215A.[63] The President's declaration of an energy emergency (even if it were legitimate) and other executive orders cannot expand these statutorily defined authorities.[64] And while the Department may of course analyze policy implications and issue reports on various topics—as it has done since its founding—DOE's statements indicate that the RAR is not simply a policy analysis. The Department states—without limitation—that it will use the RAR "to identify at-risk region(s) and guide reliability interventions."[65] Thus, taking DOE at its word, the RAR is beyond the Department's authority.

Further, to the extent that it is an indication of the Department's broader scheme, in the RAR, the Department ignores the limitations on its authority and the comparative breadth of authority explicitly reserved to the states and FERC over the Department. "States are responsible for resource adequacy in siting of electric facilities, establishing retail electric rates, and overseeing the reliability of the distribution system."[66] State public utility commissions review utility proposals for long-term impacts to the system's reliability. "Most states address resource adequacy by requiring large investor-owned utilities to file long-term planning documents like integrated resource plans that include strategies for reliably meeting future demand."[67]

The structure and language of the Organization Act and Federal Power Act reflect Congress's deliberate choices to preserve this traditional state authority over generating facilities and to circumscribe the Department's emergency authority in light of the states' role. Congress noted in the Organization Act that "[n]othing in this chapter shall affect the authority of any State over matters exclusively within its jurisdiction."[68] And the first sentence of the Federal Power Act declares that

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[62] Subsequent legislation has also amended and updated these authorities. *See e.g.* Fixing America's Surface Transportation Act (FAST Act), Pub. L. No. 114–94, 129 Stat. 1312 (2015); Energy Policy Act of 2005, Pub. L. No. 109-58, 119 Stat. 594 (2005).

[63] 16 U.S.C. §§ 824a(c), 824o-1.

[64] *See Biden v. Nebraska*, 600 U.S. 477, 500-01 (2023); *see also* S. Rep. No. 94-1168, 3 (1976), (the National Emergencies Act "is not intended to enlarge or add to Executive power. Rather, the statute is an effort by Congress to establish clear procedures and safeguards for the exercise by the President of emergency powers *conferred on him by other statutes*.") (emphasis added).

[65] RAR, Ex. 1 at vi.

[66] NARUC, *Resource Adequacy Primer for State Regulators*, at 9 (July 2021) https://pubs.naruc.org/pub/752088A2-1866-DAAC-99FB-6EB5FEA73042?_gl=1*1mituzu*_ga*MTc1NzM0NTE0LjE3NTM5ODk1NDA.*_ga_QLH1N3Q1NF*czE3NTM5ODk1NDAkbzEkZzAkdDE3NTM5ODk1NDAkajYwJGwwJGgw.

[67] Nat'l Renewable Energy Lab'y, *Explained: Fundamentals of Power Grid Reliability and Clean Electricity*, at 4 (Jan. 2024) https://docs.nrel.gov/docs/fy24osti/85880.pdf.

[68] 42 U.S.C. § 7113.

federal regulation extends "only to those matters which are not subject to regulation by the States."[69] Section 201(b)(1) further states that, except as otherwise "specifically" provided, federal jurisdiction does not attach to "facilities used for the generation of electric energy."[70] The courts have held that Section 201(b)(1) reserves to the states authority over electric generating facilities,[71] including the authority to order their closure.[72] Congress also recognized the states' exclusive authority over generating facilities in Section 202(b), which provides that FERC's interconnection authority does not include the power to "compel the enlargement of generating facilities for such purposes."[73] And when Congress added new authority regarding reliability to the Federal Power Act in 2005, it also still explicitly clarified that "[n]othing in this section shall be construed to preempt any authority of any State to take action to ensure the safety, adequacy, and reliability of electric service within that State, as long as such action is not inconsistent with any reliability standard…."[74]

The RAR also intrudes upon authority that Congress explicitly and repeatedly gave exclusively to FERC, not the Department. In 1935, Congress passed the Federal Power Act, creating the Federal Power Commission to engage in "federal regulation of electricity in areas beyond the reach of state power."[75] However, until the 1970s, the federal government played a very limited role in energy policy and generally left to private industry and state and local governments the task of establishing energy policies and planning.[76] In 1977, Congress passed the Organization Act,[77] creating both the Department and FERC. The Organization Act transferred most of the authority for overseeing the electric system in the

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[69] 16 U.S.C. § 824(a).

[70] *Id.* § 824(b)(1).

[71] *See, e.g., Hughes v. Talen Energy Mktg., LLC*, 578 U.S. 150, 154 (2016).

[72] *Conn. Dep't of Pub. Util. Control v. FERC*, 569 F.3d 477, 481 (2009) (under Section 201(b), states retain the right "to require retirement of existing generators" or to "take any other action in their role as regulators of generation facilities."). *See also Devon Power LLC et al.*, 109 FERC ¶ 61,154, P 47 (2004) ("Resource adequacy is a matter that has traditionally rested with the states, and it should continue to rest there. States have traditionally designated the entities that are responsible for procuring adequate capacity to serve loads within their respective jurisdictions.").

[73] 16 U.S.C. § 824a(b).

[74] 16 U.S.C. § 824o.

[75] *New York v. FERC*, 535 U.S. 1, 6 (2002).

[76] DOE, *A Brief History of the Department of Energy,* https://www.energy.gov/lm/brief-history-department-energy. *See also* DOE, *Department of Energy 1977-1994, A Summary History* (Nov. 1994), https://www.energy.gov/sites/prod/files/2017/09/f36/DOE%201977-1994%20A%20Summary%20History_0.pdf.

[77] Public Law 95–91 (1977), 42 U.S.C. § 7101 *et seq.*

Federal Power Act to FERC, not the Department;[78] the Department retained primary authority only over "emergency interconnection."[79]

While FERC is housed within the Department, FERC is an independent agency with distinct authority from the Department that the Department may not modify or supersede.[80] Generally the Department "is authorized to establish, alter, consolidate or discontinue such organizational units or components within the Department as [the Secretary] may deem to be necessary or appropriate."[81] But this authority explicitly does not extend to FERC. The Organization Act explains that the Department may not abolish "organizational units or components established by" the Organization Act, nor may it "transfer [] functions vested by this chapter in any organizational unit or component."[82] Because the Organization Act created[83] and transferred specific authority to FERC,[84] the Department has no authority to alter FERC itself nor to seize FERC's statutorily prescribed authority.

Further, "the decision of the Commission involving any function within its jurisdiction . . . shall be final agency action . . . and *shall not be subject to further review by the Secretary* or any officer or employee of the Department."[85] While the Department can propose rules under FERC's jurisdiction, FERC maintains "exclusive jurisdiction . . . to take final action on any proposal made by the Secretary."[86] And when the Department proposes a rule in the exercise of its own functions that FERC determines significantly affects any function within FERC's jurisdiction, FERC can insist on changes that DOE must adopt if DOE wants to issue the rule.[87]

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[78] 42 U.S.C. § 7172 (transferring functions from Federal Power Commission to FERC); 42 U.S.C. § 7151 (the function of the Federal Power Commission is transferred to the Secretary except as provided to FERC). The Department and FERC share authority over certain parts of the Federal Power Act that primarily address recordkeeping and administration. 42 U.S.C. § 7172(a)(2) ("The Commission may exercise any power under the following sections to the extent the Commission determines such power to be necessary to the exercise of any function within the jurisdiction of the Commission: (A) sections 4, 301, 302, 306 through 309, and 312 through 316 of the Federal Power Act.").

[79] *See* 42 U.S.C. § 7172(a)(1)(B).

[80] *See* 42 U.S.C.A. § 7112 (Congressional declaration of purpose in establishing Department); 42 U.S.C. § 7171 (establishment of FERC).

[81] 42 U.S.C. § 7253.

[82] 42 U.S.C. § 7253.

[83] 42 U.S.C. § 7171 (establishment of FERC).

[84] 42 U.S.C. § 7172(a) (transferring functions from Federal Power Commission to FERC).

[85] 42 U.S.C. § 7172(g) (emphasis added).

[86] 42 U.S.C. § 7173. *See* 162 FERC ¶ 61,012.

[87] 42 U.S.C. § 7174.

In 2005, Congress expanded FERC's authority to specifically encompass reliability by updating the Federal Power Act in the 2005 Energy Policy Act.[88] While "FERC had previously addressed electric grid reliability in an indirect manner, such as allowing the cost recovery of public utility expenditures that address discrete reliability matters,"[89] there had been no mandatory reliability standards adopted by any federal regulator. When providing recommendations on reliability in 1998, the Department had concluded "that the U.S. Congress should explicitly assign oversight of bulk-power reliability to the FERC."[90] The new Section 215 followed the Department's suggestion and "tasked FERC [—not the Department—] with a direct role over an entire new field of activity."[91] Section 215 authorizes FERC to certify an electric reliability organization; FERC designated NERC. It is therefore NERC that develops reliability standards that FERC reviews to ensure consistency with federal law.[92] The broad reliability authority Congress granted to FERC contrasts with the very narrow, emergency authority in Section 215A that Congress granted to the Department.[93] The RAR appears to duplicate FERC and NERC's reliability efforts, impermissibly intruding upon authority Congress chose to give FERC —subject to elaborate procedural and substantive limitations—not the Department.

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[88] Pub. L. No. 109-58, 119 Stat. 594 (2005).

[89] FERC, *Reliability Primer*, at 5 (2020) https://www.ferc.gov/sites/default/files/2020-04/reliability-primer_1.pdf.

[90] DOE, *Maintaining Reliability in a Competitive U.S. Electricity Industry* at vii-viii, xiv (Sept. 29, 1998), https://certs.lbl.gov/sites/all/files/basic-page/maintainting-reliability-in-competitive-electricity-industry-1998_0.pdf ("The Administration has proposed legislation that would provide the federal oversight necessary to make reliability standards mandatory. The NERC has begun to reinvent itself to respond to the changing needs of the industry. In addition, the FERC has undertaken several reliability initiatives. However, much more is needed. The Congress, for example, urgently needs to clarify the FERC's authority over an electric industry self-regulating reliability organization and expand the FERC's jurisdiction for reliability over the bulk-power system.") ("The Task Force is confident that the electricity industry, overseen by the Federal Energy Regulatory Commission (FERC) and a restructured self-regulating reliability organization (such as the planned North American Electric Reliability Organization [NAERO]), can and will maintain today's high levels of reliability."). *See also* S. Rep. No. 106-324, Electric Reliability 2000 Act (proposals from Congress such as this one gave FERC the authority over reliability).

[91] FERC, *Reliability Primer*, at 5 (2020) https://www.ferc.gov/sites/default/files/2020-04/reliability-primer_1.pdf.

[92] FERC, Reliability Explainer (Aug. 16, 2023) https://www.ferc.gov/reliability-explainer#:~:text=Both%20NERC%20and%20FERC%20have,blackouts%20or%20systematic%20compliance%20failures.

[93] The 2015 amendment to Federal Power Act creating Section 215A (16 U.S.C. 824o-1(d)) gives DOE the authority to issue orders to address emergencies related to malicious acts resulting from physical attacks to the grid at limited 15-day increments.

Finally, the Department arbitrarily and capriciously assumes that the existing systems are not working. The states and FERC have—pursuant to their authority—established systems to maintain resource adequacy and reliability including integrated resource planning processes and capacity markets. These existing systems are designed to signal to build more energy generation when energy demand rises.[94] Recently, as the Department notes in the RAR, energy demand has been rising; but the Department fails to acknowledge that the state and FERC systems already are appropriately responding, negating claims of an emergency or the need for the Department to interfere, as discussed *infra* in Section C.[95] For example, PJM's, SPP's, and MISO's new "fast track" processes—adopted to address concerns of resource adequacy—"alone would add roughly twice what the DOE assumed for the entire nation."[96] The RAR is written arbitrarily and capriciously incorporating the implicit assumption that capacity market results are not reliable, and that market-driven generator retirement is cause for alarm.

In sum, Congress has explicitly reserved to the states and FERC primary regulatory authority over resource adequacy and reliability. The Department's only authority to directly regulate reliability of the electric grid is narrow emergency authority such as Federal Power Act Sections 202(c) and 215A. The Department does not have broader authority to interfere with resource adequacy or reliability regulations. To the extent that the RAR is the confirmation of the attempt to usurp that authority from the states and FERC, via a "uniform methodology" in the RAR, it is outside of DOE's statutory authority and contrary to law.

B. The Department's Findings in the RAR, Even if Accurate, Do Not Demonstrate Any Emergency Allowing the Department to Compel Generation Under the Federal Power Act.

Even if the findings in the RAR were accurate (which they are not, as explained in Section C below), they would not empower the Department to exercise any statutory authority, under "section 202 of the Federal Power Act" or otherwise, to override state- or market-driven changes to the electricity generating facilities supplying the grid.[97] As discussed in Section A above, the Federal Power Act gives the Department tightly circumscribed authority over resource adequacy planning, to address "emergency" conditions through "such temporary connections of facilities and such generation, delivery, interchange, or transmission of electric energy" as

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[94] *See e.g.* DOE, A Primer on Electric Utilities, Deregulation, and Restructuring of U.S. Energy Markets, at 3.8 (May 2002); GridLab, GridLab Analysis: Department of Energy Resource Adequacy Report, at 4 (July 11, 2025) (hereinafter "GridLab Analysis") (attached as Ex. 14).

[95] GridLab Analysis, Ex. 14 at 2-3.

[96] GridLab Analysis, Ex. 14 at 3.

[97] Grid EO at Sec. 3 (RAR, Ex. 1 at C-3).

"will best meet the emergency and serve the public interest."[98] The statutory text, structure, and history, as well as case law interpreting Section 202(c), the Department's regulations, and its historic use of Section 202(c), all establish that its "emergency" authority is confined to sudden, unexpected, imminent, and specific electricity shortfalls. The information in the RAR, at most, expresses the Department's view that bulk-power system reliability will be insufficient in 2030. The Department's conclusions in the RAR—even if assumed to be accurate for the sake of argument—consequently provide no basis for the Department to manipulate the electricity market.

1. The Federal Power Act only permits the Department to intervene when necessary to address an imminent, unexpected, and specific electricity shortfall.

The Federal Power Act's text, context, and structure, as well as caselaw and the Department's longstanding regulations, all establish that it does not permit the Department to "prevent" generating facilities "from leaving the bulk-power system" or "converting" from one fuel-source to another based on the Department's view of long-term reliability needs.[99] The Act provides the Department only authority to intervene in electricity markets when necessary to address imminent, near-term, and exigent electricity supply shortfalls requiring immediate response, through the cabined authority provided by Section 202(c) of the Act.

a. The Text of Section 202(c) Narrowly Limits the Department's Authority to Emergencies: Imminent, Unexpected, and Certain Shortfalls in Electricity Supply.

The Act's text empowers the Department to require generation only in an "emergency;"[100] the Act primarily reserves authority over generation to the states, allocating more limited federal regulatory power to different agencies, *see section* A above. The statute itself does not define "emergency." At the time Congress enacted Section 202(c), Webster's New International Dictionary of the English Language (1930) defined "emergency" as a "*sudden* or *unexpected* appearance or occurrence . . . An *unforeseen* occurrence or combination of circumstances which calls for *immediate* action or remedy; *pressing* necessity; exigency."[101] Contemporary dictionaries similarly define "emergency" as demanding imminence: an emergency

[98] 16 U.S.C. 824a(c).

[99] Grid EO at Sec. 3(c)(ii) (RAR, Ex. 1 at C-4).

[100] 16 U.S.C. § 824a(c).

[101] Emphasis added.

is "an *unforeseen* combination of circumstances or the resulting state that calls for *immediate* action."[102]

The remainder of Section 202(c) underscores the exigency inherent in the governing term "emergency." The authority granted by Section 202(c) is, in the first instance, a war-time power.[103] An "emergency" under the statute is limited to circumstances of similar urgency: "a *sudden* increase in the demand for electric energy," for example.[104]

The text's use of the present tense also underscores that focus on imminent and certain shortfalls: it empowers the Department to act only where "an emergency *exists*."[105] That near-term focus along with the statute's strictly "temporary" authority[106] precludes use of Section 202(c) to pursue long-term policy goals, such as "fear of overdependence" on foreign oil supplies,[107] or "energy independence."[108]

Section 202's overall structure further highlights Section 202(c)'s emphasis on imminent, near-term concerns. The preceding subsections 202(a) and (b) together define and limit the tools by which the federal government may pursue "abundant" energy supplies in the normal course.[109] The resulting statutory "machinery for the

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[102] Merriam Webster's Dictionary 407 (11th ed. 2009) (emphasis added); *see* 3 Oxford English Dictionary 119 (1st ed. 1913) (defining emergency similarly as "a state of things *unexpectedly* arising, and urgently demanding *immediate* action" (emphasis added)); *see also* Rolsma, Ex. 7 at 812 n.147 (noting that dictionaries have given the term "emergency" the "same meaning for many years").

[103] 16 U.S.C. § 824a(c) (beginning with "[d]uring the continuance of any war in which the United States is engaged"); *see Jarecki v. G.D. Searle & Co.*, 367 U.S. 303, 307 (1961) (noting that statutory terms should be interpreted in the context of nearby parallel terms "in order to avoid the giving of unintended breadth to the Acts of Congress").

[104] 16 U.S.C. § 824a(c) (emphasis added); *see Richmond Power & Light,* 574 F.2d at 615 (holding that Section 202(c) "speaks of 'temporary' emergencies, epitomized by wartime disturbances"); S. Rep. No. 74-621, at 49 (1935) (explaining that Section 202(c) provides "temporary power designed to avoid a repetition of the conditions during the last war, when a serious power shortage arose").

[105] 16 U.S.C. § 824a(c) (emphasis added).

[106] 16 U.S.C. § 824a(c).

[107] *Richmond Power & Light*, 574 F.2d at 617.

[108] RAR, Ex. 1 at 1. *See Richmond Power & Light*, 574 F.2d at 614 (Section 202(c) "speaks of 'temporary' emergencies, epitomized by wartime disturbances, and is aimed at situations in which demand for electricity exceeds supply and not those in which supply is adequate but a means of fueling its production is in disfavor.").

[109] 16 U.S.C. § 824a(a) (seeking "abundant supply of electric energy" by directing the federal government to "divide the country into regional districts for the voluntary interconnection and coordination of facilities for the generation, transmission, and sale of electric energy") & 824a(b)

promotion of the coordination of electric facilities" comprises the following: in subsection (a), an instruction to establish a general framework meant to facilitate "coordination by voluntary action;" in subsection (b), "limited authority to compel interstate utilities to connect their lines and sell or exchange energy," subject to defined procedural and substantive requirements, when "interconnection cannot be secured by voluntary action;" and in subsection (c), "much broader" but "temporary" authority "to compel the connection of facilities and the generation, delivery, or interchange of energy during times of war or other emergency."[110]

That tiered structure—relying on voluntary action for quotidian energy planning, specifying limited authority where that voluntary system fails, and allowing for "temporary" central command-and-control only in case of "emergency"—requires that Section 202(c) remain narrowly bounded to instances of an immediate and unavoidable "break-down in electric supply,"[111] rather than mere want of more abundant supply in the future.[112] Interpreting Section 202(c)'s "emergency" powers to encompass longer-term concerns—e.g., potential shortfalls years into the future, or an expected "expansion of artificial intelligence data centers and an increase in domestic manufacturing,"[113]—would unwind the careful balance of voluntary, market-driven action and federal power set out in subsections 202(a) and 202(b). Such an interpretation cannot be squared with the statutory text and structure.[114]

b. Congress' Enactment of a Specific, Cabined Scheme to Address Reliability Concerns Confirms that Section 202(c) Cannot be Expanded to Impose Requirements Related to Long-Term Reliability.

That the Department's Section 202 powers may not be used to enforce the Department's view of long-term reliability needs is confirmed by Section 215 of the Federal Power Act—which specifically and directly delineates the scope of federal power to enforce mandatory long-term reliability requirements for the bulk-power system.[115] Congress added Section 215 to the Federal Power Act in 2005 precisely because the Act as it then existed—including Section 202—did not provide the

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(allowing federal government to order "physical connection … to sell energy or to exchange energy" upon application, and after an opportunity for hearing).

[110] S. Rep. No. 74-621 at 49 (1935).

[111] *Id.*

[112] *cf.* Eddystone 202(c) Order, Ex. 9 at 2 (imposing responsibility on PJM "to ensure maximum reliability on its system").

[113] Grid EO at Sec. 1 (RAR, Ex. 1 at C-4).

[114] *See Otter Tail Power Co. v. Fed. Power Comm.*, 429 F.2d 232, 233-34 (1970) (holding that Section 202(c) "enables the Commission to react to a war or national disaster," while Section 202(b) "applies to a crisis which is likely to develop in the foreseeable future").

[115] 16 U.S.C. § 824o.

federal government with the power to enforce measures designed to ensure broad, long-term reliability.[116]

By enacting Section 215, Congress provided a comprehensive and carefully circumscribed scheme to empower the federal government to enforce long-term reliability requirements. That statutory scheme strikes a careful balance between state and federal authority, and between private, market-driven decisions and top-down control. Reliability standards are devised by NERC independent "of the users and operators of the bulk-power system" but with "fair stakeholder representation."[117] FERC may approve or remand those standards (but not replace them with its own) and is required to "give due weight" to NERC's "technical expertise" while independently assessing effects on "competition."[118] Section 215 provides specified enforcement mechanisms and procedures for reliability standards—which mechanisms conspicuously exclude the power to command specific generation resources to remain operational.[119] And Section 215 carefully preserves state authority over "the construction of additional generation" and in-state resource adequacy, establishing regional advisory boards to ensure appropriate state input on the administration of reliability standards.[120]

Interpreting Section 202(c) to permit the Department to mandate generation based on its own unfettered assessment of long-term bulk-system reliability would effectively allow the Department to bypass Section 215's procedural safeguards, constraints on federal authority, and protection of state power. Such a bypass would impermissibly "contradict Congress' clear intent as expressed in its more recent," reliability-specific "legislation," enacted "with the clear understanding" that the Department had "no authority" to address long-term reliability through Section

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[116] *See* 70 Fed. Reg. 53,118 ("In 2001, President Bush proposed making electric Reliability Standards mandatory and enforceable," leading to enactment of Section 215 in 2005); RAR of the National Energy Policy Development Group (May 2001) at p. 7-6, https://www.nrc.gov/docs/ml0428/ml042800056.pdf (noting that "[r]egional shortages of generating capacity and transmission constraints combine to reduce the overall reliability of electric supply in the country" and that "one factor limiting reliability is the lack of enforceable reliability standards" because "the reliability of the U.S. transmission grid has depended entirely on *voluntary* compliance," and then recommending "legislation providing for enforcement" of reliability standards (emphasis added)); S. Rep. No. 109-78 at 48 (2005) (Section 215 "changes our current voluntary rules system" for long-term reliability "to a mandatory rules system."). *See Alcoa, Inc. v. FERC*, 564 F.3d 1342, 1344 (D.C. Cir. 2009) (noting that prior to the Energy Policy Act of 2005, "the reliability of the nation's bulk-power system depended on participants' voluntary compliance with industry standards").

[117] 16 U.S.C. § 824o(c)-(d). *See also id.* 824o(a)(3) (defining reliability standards as "a requirement … to provide for reliable operation of the bulk-power system").

[118] *Id.* § 824o(d)(2)-(4).

[119] *Id.* § 824o(e).

[120] *Id.* § 824o(i)-(j).

202(c).[121] Congress has, in Section 215, directly established the mechanisms (and limitations) by which the federal government may compel action to ensure long-term electric-system reliability. In so doing, it has confirmed that the Department may not, through Section 202(c) "emergency" orders, use long-term reliability concerns to mandate the generation it views as required to address long-term reliability needs.

c. DOE's Regulations Similarly Establish that Section 202(c) Emergency Authority Can Only Be Invoked to Address Imminent, Certain Supply Shortfalls Requiring Immediate Response.

The Department's regulations demonstrate its own long-standing understanding that Section 202(c)'s authority is confined to imminent and unavoidable resource shortages, rather than a mechanism to address long-term concerns as to the reliability of the bulk-power system. The regulations define an emergency as "an *unexpected* inadequate supply of electric energy which may result from the *unexpected* outage or breakdown" of generating or transmission facilities—not a means of planning against distant expectations or risks.[122] Emergencies "may result" from a number of events.[123] The use of the verb "result," defined as "arise as a consequence, effect, or conclusion," suggests that the event triggering the emergency has already happened rather than that there is a speculation that it could occur.[124]

Moreover, the events are characterized by those produced by "weather conditions, acts of God, or unforeseen occurrences not reasonably within the power of the affected 'entity' to prevent."[125] Where the culprit is increased demand, it must be "a *sudden* increase in customer demand" producing a "*specific* inadequate power supply situation,"[126] rather than long-term demand projections producing general reliability concerns. The need for both specificity and certainty is repeated in the Department's regulations defining an inadequate energy supply: "A system may be considered to have" inadequate supply when "the projected energy deficiency . . . *will* cause the applicant [for a 202(c) Order] to be unable to meet its

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[121] *See FDA v. Brown & Williamson Tobacco Corp.*, 529 U.S. 120, 142 & 149 (2000); s*ee also Cal. Indep. Sys. Operator Corp. v. FERC*, 372 F.3d 395, 401–02 (D.C. Cir. 2004) ("Congress's specific and limited enumeration of [agency] power" over a particular matter in one section of the Federal Power Act "is strong evidence that [a separate section] confers no such authority on [agency].").

[122] 10 C.F.R. § 205.371 (emphasis added).

[123] *Id.* ("may result from the unexpected outage," "may be the result of weather conditions," "can result from a sudden increase in customer demand").

[124] Merriam-Webster's Collegiate Dictionary (11th ed. 2003) 1063.

[125] 10 C.F.R. § 205.371

[126] *Id.* (emphasis added).

normal peak load requirements based upon use of all of its otherwise available resources so that it *is* unable to supply adequate electric service to its customers."[127]

And while the regulations suggest that "inadequate planning or the failure to construct necessary facilities *can result* in an emergency," they recognize that the Department may not utilize a "continuing emergency order" to mandate long-term system planning.[128] An emergency may exist where past planning failures produce an immediate, present-tense shortfall (that is where, a shortfall *results* from insufficient planning); the Department has no authority to commandeer bulk-system reliability planning merely because it deems current plans inadequate to meet far-distant needs.[129] As the Department stated when it promulgated those regulations, the statute allows the Department to provide "assistance [to a utility] during a period of unexpected inadequate supply of electricity," but does not empower it to "solve long-term problems."[130]

d. Courts Have Uniformly Held that Section 202(c) Can Be Invoked Only in Immediate Crises.

Two courts have addressed the scope of authority under Section 202(c), and both determined that this Section applies only when there is a sudden, unexpected, imminent, and specific emergency.

Richmond Power and Light of City of Richmond, Indiana v. FERC, 574 F.2d 610 (D.C. Cir. 1978), arose out of the 1973 oil embargo. The Federal Power Commission needed to decide how to respond to oil shortages, and decided to call for the voluntary transfer for electricity from non-oil power plants to areas of the country that relied heavily on oil, such as New England.[131] The New England Power Pool was not convinced that the voluntary program would work and petitioned the Commission for a 202(c) order.[132] The Commission instead facilitated an agreement between state commissions and supplying utilities, which satisfied the New England Power Pool and it withdrew its petition.[133] A dissatisfied utility

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[127] 10 C.F.R. § 205.375 (emphasis added).

[128] 10 C.F.R. § 205.371 (also recognizing that "where a shortage of electricity is projected due solely to the failure of parties to agree to terms, conditions, or other economic factors" there is no emergency "unless the inability to supply electric service is *imminent*" (emphasis added)).

[129] *See* 10 C.F.R. § 205.375 (requiring present inability to meet demand to demonstrate inadequate energy supply).

[130] 46 Fed. Reg. at 39,985–86.

[131] 574 F.2d at 613.

[132] *Id.*

[133] *Id.*

sought judicial review of the Commission's decision to allow the withdrawal of the Section 202(c) petition.[134]

The court easily upheld the Commission's decision not to invoke Section 202(c).[135] Though the oil embargo had ended, the utility argued that the "high cost and uncertain supply of imported oil" justified an emergency order.[136] The Commission countered that the voluntary program had worked, the New England Power Pool never interrupted service, there was no need for a Section 202(c) order, and the court agreed.[137]

Trying another tactic, the utility argued that "dependence on imported oil leaves this country with a *continuing* emergency."[138] The court observed that Section 202(c) "speaks of 'temporary' emergencies, epitomized by wartime disturbances."[139] Interpreting this statutory language, the court upheld the Department's view that Section 202(c) cannot be used when "supply is adequate but a means of fueling its production is in disfavor."[140] Section 202(c) is not an appropriate means to implement long-term national policy to switch fuels. It is only a temporary fix for a temporary problem.

The Eighth Circuit has similarly held that Section 202(c) can only be used to respond to immediate crises. In *Otter Tail Power Co. v. Federal Power Commission*, 429 F.2d 232 (8th Cir. 1970), a utility insisted that the only way for the Federal Power Commission to properly order the utility to connect to a municipal power provider was to issue a Section 202(c) order. Demand for electricity in the city had increased, and the peak load of the municipal power provider was getting to be so high that both of its two generators would likely need to be used simultaneously in the near future, "causing a possible loss of service should one malfunction during a peak period."[141] To avoid this possible loss of service, the Federal Power Commission issued a Section 202(b) order, requiring the utility to connect the municipal power provider. The utility argued that the Federal Power Commission used the wrong section and should have used Section 202(c) instead.

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[134] *Id.* at 614.

[135] *Id.*

[136] *Id.*

[137] *Id.* at 615.

[138] *Id.* (emphasis added).

[139] *Id.*

[140] *Id.*

[141] *Id.* at 233-34.

The court explained that Section 202(c) "enables the Commission to react to a war or national disaster" by ordering "immediate" interconnection during an "emergency."[142] For non-emergency situations, "[o]n the other hand, Section 202(b) applies," including when there is a "crisis which is likely to develop in the foreseeable future but which does not necessitate immediate action on the part of the Commission."[143] The court upheld the Commission's use of Section 202(b) instead of Section 202(c) because there was no immediate emergency.

The case law uniformly supports the interpretation that Section 202(c) can only be used in acute, short-term, urgent emergencies.

e. The Department's Prior Orders Recognize that Section 202(c) Does Not Confer Plenary Authority Over Long-Term Resource Adequacy.

The Department's past applications of Section 202(c) corroborate the urgency of the emergency conditions that are the necessary predicate for any Department intervention under that section.[144] The Department's predominant practice outside of wartime has been to use Section 202(c) to address specific, imminent, and unexpected shortages—not to address longer-term reliability concerns or demand forecasts.[145] The Department has also narrowly tailored the remedies in Section 202(c) orders to ensure that the orders only address the stated emergency, to limit the order to the minimum period necessary, and to mitigate violations of environmental requirements and impacts to the environment.[146]

Public Interest Organizations are not aware of any instance in which the Department has utilized Section 202(c) to mandate generation the Department

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[142] *Id.* at 234 (citing 16 U.S.C. § 824a(c)).

[143] *Id.*

[144] *See FTC v. Bunte Brothers, Inc.*, 312 U.S. 349, 352 (1941) ("[J]ust as established practice may shed light on the extent of power conveyed by general statutory language, so the want of assertion of power by those who presumably would be alert to exercise it, is equally significant in determining whether such power was actually conferred.").

[145] *See, e.g.,* Ex. 5, Dep't of Energy Order No. 202-22-4 (Dec. 24, 2022) (responding to ongoing severe winter storm producing immediate and "unusually high peak load" between Christmas Eve and Boxing Day); Ex. 6 Dep't of Energy Order 202-20-2 (Sept. 6, 2020) at 10-2 (responding to shortages produced by ongoing extreme heat and wildfires); *see also* Ex.7 Rolsma, 57 Conn. L. Rev. at 803-4 (describing "sparing[]" use of Section 202(c) outside of war-time shortages during the twentieth century).

[146] *See, e.g.*, Ex. 5, Dep't of Energy Order No. 202-22-4 (Dec. 24, 2022) at 4-7 (limiting order to the 3 days of peak load, directing PJM to exhaust all available resources beforehand, requiring detailed environmental reporting, notice to affected communities, and calculation of net revenue associated with actions violating environmental laws); Ex. 6 Dep't of Energy Order 202-20-2 (Sept. 6, 2020) at 3-4 (limiting order to the 7 days of peak load, directing CAISO to exhaust all available resources beforehand, requiring detailed environmental reporting).

views as necessary to ensure long-term resource sufficiency—and for good reason.[147] Any such use would exceed the Department's statutory authority.

2. In the RAR, DOE purports to identify only long-term, uncertain, and generalized concerns with bulk-power system reliability, which do not enable the Department to compel generation pursuant to Section 202(c).

Given the statutory limitations described above, the RAR provides no basis for the Department to use Section 202(c) to require that particular "generation resources" are "retained as an available generation resource," or to "prevent . . . an identified generation resource . . . from leaving the bulk-power system or converting" its fuel source.[148] Nor does the Department identify any other source of legal authority for DOE to impose such requirements. In the RAR, the Department only purports to identify capacity shortages that might affect bulk-system reliability in 2030.[149] The Department acknowledges that all but one region—ERCOT—currently meet its criteria.[150] Its claim that shortages might arise five years from now, even if it were correct—would present no "emergency" under Section 202(c). Those non-imminent resource needs are, rather, precisely the long-term reliability and resource adequacy matters over which Congress allocated responsibility to FERC and NERC.

Second, the Department identifies only a "risk of power outages" even in 2030[151] based on the Department's projected "AI and data center load growth under the given assumptions for generator build outs by 2030, generator retirements by 2030, reserve requirements, and potential load growth."[152] The Department acknowledges, meanwhile that its analysis "is not an indication that reliability coordinators would allow this level of load growth to jeopardize the reliability of the system."[153] The RAR—even by its own terms—thus does not specify any shortfall that is certain enough to justify invocation of the Department's emergency powers under Section 202(c). Its numbers are, rather, "indicators to determine where it may be beneficial to encourage increased generation and transmission capacity to meet an expected need."[154] Section 202(c) does not authorize the Department to order generation based on such non-certain shortfalls; it provides distinct, and

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[147] *See Richmond Power and Light,* 574 F.2d at 616.

[148] Grid EO at 2.

[149] *E.g.,* RAR, Ex. 1 at 1, 20, 27, 30, 32, 40.

[150] RAR, Ex. 1 at 7.

[151] *Id.* at 1.

[152] *Id.* at 7.

[153] *Id.*

[154] *Id.*

much more limited powers, by which the Department may facilitate "an abundant supply of electric energy throughout the United States."[155]

And third, the Department does not claim to identify any particular location in which a shortfall might occur, or the specific resources that might best serve to address such shortfall. Instead, in the RAR, the Department provides aggregate estimates of potential loss-of-load under "varied grid conditions and operating scenarios based on historical data."[156] But those estimates do not demonstrate that any single generating facility would best meet the resulting shortfall, and could not therefore justify an emergency order directing a facility to remain available.

Consequently—even setting aside methodological flaws—the Department asserts resource risks in the RAR that are neither imminent, certain, nor specific. Those risks do not describe an emergency that would permit the Department to intervene pursuant to Section 202(c). They represent, rather, the Department's view as to measures that might "assur[e] an abundant supply of electric energy throughout the United States."[157] Section 202 does not permit the Department to compel generation on that basis. The Department also describes in the RAR the measures the Department believes "necessary to provide for reliable operation of the bulk-power system."[158] But Section 215 gives FERC, not the Department, the power to provide for reliable operation of the bulk power system, and specifies the procedures by which such measures must be developed and enforced; the Federal Power Act does not permit the Department to end-run those limitations by deeming long-term reliability an emergency. The RAR consequently could not form the basis of any action by the Department to compel generation under Section 202 of the Federal Power Act.

C. The RAR Is Analytically Flawed and Does not Rely Upon Substantial Evidence.

The RAR is severely flawed and does not meet DOE's own information quality standards. There are significant informational and methodological limitations and clear analytical and data errors. Any reliance on the RAR to "guide interventions" or to serve as a basis for any DOE decisionmaking would be arbitrary and capricious and not based on substantial evidence, in violation of the Administrative Procedure Act.

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[155] 16 U.S.C. § 824a(a).

[156] RAR, Ex. 1 at 2. *See, e.g., id.* at 21.

[157] 16 U.S.C. § 824a(a).

[158] 16 U.S.C. § 824o(a)(3).

1. The RAR falls woefully short of informational and methodological best practices.

DOE admits the RAR was hastily thrown together without sufficient information. At the outset, DOE acknowledges the resource adequacy analysis in the RAR "could benefit greatly from the in-depth engineering assessments which occur at the regional and utility level."[159] Indeed, "[h]istorically, the nation's power system planners would have shared electric reliability information with DOE through mechanisms such as EIA-411, which has been discontinued."[160] DOE continues to explain that a key takeaway of the RAR is the need for "strengthened regional engagement, collaboration, and robust data exchange which are critical to addressing the urgency of reliability and security concerns that underpin our collective economic and national security."[161] The candor in these comments is revealing; these limitations prove that the RAR does not meet the requirements of the Information Quality Act ("IQA") or DOE's guidelines thereunder.[162] The RAR should be withdrawn so that the Department does not continue to disseminate this poor-quality information, and the RAR should not be relied on in any decisionmaking. In the alternative, the Department should not use the RAR as support for any final action until and unless it (1) provides notice of the statutory authority under which DOE issued the RAR and publishes all data underlying the RAR, (2) explains in detail the specific uses for the methodology, and (3) allows interested parties to comment on the RAR before releasing a final version that incorporates and responds to public comment.

The IQA directs agencies to "ensur[e] and maximiz[e] the quality, objectivity, and integrity of information (including statistical information) disseminated by Federal Agencies."[163] Office of Management and Budget ("OMB") guidelines issued

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[159] RAR, Ex. 1 at i.

[160] *Id.*

[161] *Id.*

[162] *See* Pub. L. 106-554 Sec. 515, 114 Stat. 2763A-153.

[163] *Id.* OMB's government-wide information quality guidelines direct agencies to issue their own implementing guidelines. Agencies must provide the public a way to administratively seek and obtain correction of information disseminated by the agency that does not comply with OMB or agency guidelines. *See* Office of Management and Budget, Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information, 67 Fed. Reg 8452 (Feb. 22, 2002); Office of Management and Budget, Memorandum for the Heads of Executive Departments and Agencies (Apr. 24, 2019) (hereinafter "OMB Guidelines 2019 Update"), https://www.whitehouse.gov/wp-content/uploads/2019/04/M-19-15.pdf.

Pursuant to the OMB directive, DOE has issued its own agency-specific information quality guidelines. *See* Dep't of Energy, Final Report Implementing Office of Management and Budget Information Dissemination Quality Guidelines (Oct. 1, 2002), no. 6450-01-p, https://www.energy.gov/sites/prod/files/cioprod/documents/finalinfoqualityguidelines03072011.pdf; Dep't of Energy, Final Report Implementing Updates to the Department of Energy's Information

pursuant to the IQA require agencies to ensure that scientific information including "factual inputs, data, models, analyses . . . related to such disciplines as . . . engineering, or physical sciences" undergo certain review procedures to maintain quality standards.[164]

To that end, agencies must "choose a peer review mechanism that is adequate, giving due consideration to the novelty and complexity of the science to be reviewed, the relevance of the information to decisionmaking, the extent of prior peer reviews, and the expected benefits and costs of additional review."[165] Agencies must "strive to ensure that their peer review practices are characterized by both scientific integrity and process integrity," including the "rationale and supportability" of the agency's findings and ensuring "avoidance of real or perceived conflicts of interest" and "a workable process for public comment and involvement."[166] Agencies are encouraged to "have the choice of input data and the specification of the model reviewed by peers before the agency invests time and resources in implementing the model and interpreting the results," in order to "focus attention on data inadequacies in time for corrections . . . before the agency becomes invested in a specific approach."[167] Additionally, peer reviewers must "ensure that scientific uncertainties are clearly identified and characterized," and "ensure that the potential implications of the uncertainties for the technical conclusions drawn are clear."[168] OMB IQA guidelines also require agencies to evaluate "the sensitivity of the agency's conclusions to analytic assumptions."[169] These steps of peer review determine a report's "fitness . . . for policy purposes."[170]

DOE IQA guidelines further note that "in disseminating certain types of information to the public, other information must also be disseminated in order to ensure an accurate, clear, complete, and unbiased presentation."[171] Agencies should provide open access to data and modeling information underlying a report.[172]

Quality Act Guidelines (2019) (hereinafter "DOE IQA Guidelines 2019 Update"), available at https://www.energy.gov/cio/articles/2019-final-updated-version-doe-information-quality-guidelines.

[164] OMB, Final Information Quality Bulletin for Peer Review, 70 Fed. Reg. 2664, 2667 (Jan. 14, 2005); *see also* OMB Guidelines 2019 Update at 4.

[165] OMB Information Quality Bulletin for Peer Review, 70 Fed. Reg. at 2668.

[166] *Id.*

[167] *Id.*

[168] *Id.* at 2669.

[169] OMB Guidelines 2019 Update at 4.

[170] *Id.*

[171] DOE IQA Guidelines 2019 Update at 16.

[172] OMB Guidelines 2019 Update at 8; *See also*, e.g., *Chem. Mfrs. Ass'n v. U.S. EPA*, 870 F.2d 177, 200 (5th Cir. 1989) ("fairness requires that the agency afford interested parties an opportunity to challenge the underlying factual data relied on by the agency."); *United States v. Nova Scotia Food*

Additionally, DOE is "responsible for ensuring that the information [being disseminated in a report] is consistent with the OMB and DOE guidelines and that the information is of adequate quality for dissemination."[173] For reports containing "influential financial, scientific, or statistical information," DOE must "identify for the [Chief Information Officer] a high ranking official" who is responsible for higher level review of the report's conclusions.[174]

OMB's IQA guidelines recognized that the "[f]ederal government's assessment of risk can directly or indirectly influence the response actions of state and local agencies or international bodies."[175] Thus, under the OMB and DOE guidelines, influential information—information routinely embargoed because of "potential effect on markets" or information "on which a regulatory action with a $100 million per year impact is based"—must meet the highest standards of quality and transparency, and should undergo the rigorous review procedures outlined above.[176]

Here, the RAR does not comply with IQA requirements, rendering any further reliance on it to be arbitrary and capricious. For example, the RAR appears to be inconsistent with internal review processes required: it should have undergone peer review because of its "influential" nature, particularly if the RAR is, as it purports to be, a "uniform methodology" to guide reliability interventions, such as Federal Power Act Section 202(c) orders, which have outsize economic impacts. However, there is no evidence that the RAR underwent any peer review, and, given the time constraints, it is unlikely it did. The Department further failed to make available all underlying data and modeling information used to create the RAR. Additionally, as described in detail below, the RAR relies on improper analytic assumptions, including overstated demand and understated supply forecasts. The RAR includes faulty analysis based on these improper assumptions despite DOE's acknowledgment of significant informational limitations regarding regional- and utility-level engineering data. In addition, the RAR contains numerous errors, such as referring to appendices that do not exist or incorrect appendices,[177] stating

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Prods. Corp., 568 F.2d 240, 251-53 (2d Cir. 1977) (holding that regulation was promulgated in arbitrary and capricious manner where agency failed to disclose data on which it relied).

[173] DOE IQA Guidelines 2019 Update at 22.

[174] *Id.* at 22-23.

[175] OMB Information Quality Bulletin for Peer Review, 70 Fed. Reg at 2667.

[176] DOE IQA Guidelines 2019 Update at 7.

[177] *See* RAR, Ex. 1, at 12 (referring to nonexistent "Outputs" section of an unnamed appendix); *id.* (referring to Appendix B for further detail regarding retirement assumptions, whereas Appendix B describes Canadian transfer limits).

inaccurate units for generation capacity,[178] and falsely asserting bulk power system load shedding occurred in regions during certain events.[179]

2. In the RAR, the Department overstates assumptions about demand.

In the RAR, the Department assumes 101 GW of load growth by 2030—a 15% increase over 2025 load. This increase is more than double the high case in the U.S. EIA 2025 Annual Energy Outlook, which forecasts 6% growth.[180] This extraordinarily high assumed load growth contributes substantially to the findings of low resource adequacy under the Plant Closures scenario in the RAR. As explained below, in the RAR, the Department omits consideration of many factors that will likely dampen load growth in the coming 5 years, thus undermining the validity and usefulness of its results.

The Department assumes 50 GW of load growth from data centers by 2030, which it characterizes as the midpoint among other available forecasts.[181] However, it does not appear that DOE's forecast accounts for load flexibility at these data centers, which would significantly reduce the overall demand that these centers place upon the grid during the periods of peak system risk. While certain data centers may not be capable of load curtailment due to their purpose, many can be flexible. Even a small amount of data center load flexibility provides significant benefits. A recent study by experts at Duke University found that curtailment at data centers during only 0.25% of the year would enable 76 GW of data center power demand to be added to the system today, without triggering resource adequacy problems or requiring further expansion.[182] The White House recently issued an AI Action Plan endorsing demand flexibility as a means to maintain resource adequacy as data center capacity expands: "the United States should investigate new and novel ways for large power consumers to manage their power consumption during critical grid periods to enhance reliability and unlock additional power on the system."[183]

The Electric Power Research Institute has begun an initiative to enhance data center flexibility in light of its benefits for grid reliability, under which

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[178] *Id.* at 9 (text stating that PJM has a shortfall of 2.4 MW).

[179] *See infra* subsection C.6.

[180] *See* GridLab Analysis, Ex. 14 at 2.

[181] RAR, Ex. 1 at 2.

[182] Norris, T. H., T. Profeta, D. Patino-Echeverri, and A. Cowie-Haskell. 2025. Rethinking Load Growth: Assessing the Potential for Integration of Large Flexible Loads in US Power Systems at 20. Durham, NC: Nicholas Institute for Energy, Environment & Sustainability, Duke University, https://nicholasinstitute.duke.edu/publications/rethinking-load-growth (attached as Ex. 15).

[183] White House, Winning the Race: America's AI Action Plan 15 (July 2025), https://www.whitehouse.gov/wp-content/uploads/2025/07/Americas-AI-Action-Plan.pdf.

demonstration projects were set to deploy in the first half of 2025.[184] Early results from other projects to test data center flexibility have been promising.[185] Evaluations of the RAR by GridLab and the NYU Institute for Policy Integrity ("IPI") both have concluded that the Department's failure to account for data center load flexibility renders its findings of elevated reliability risk in 2030 suspect.[186] This is particularly true for DOE's findings concerning the ERCOT region, considering that in June 2025, Texas enacted a law allowing curtailment of these loads during grid emergencies.[187]

Furthermore, it is unclear whether the RAR's data center load forecasts account for potential constraints on the growth of data centers, such as shortages of critical semiconductor chips,[188] and other grid equipment like transformers and switchgears.[189] In addition to the Texas policy mentioned above, states and utilities are proposing new tariff designs for data centers to ensure that data centers don't

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[184] Elec. Power Rsch. Inst., EPRI Launches Initiative to Enhance Data Center Flexibility and Grid Reliability (Oct. 29, 2024), https://perma.cc/75LY-PSP5 ("Led by EPRI, DCFlex will coordinate real-world demonstrations of flexibility in a variety of existing and planned data centers and electricity markets, creating reference architectures and providing shared learnings to enable broader adoption of flexible operations that benefit all electricity consumers. Specifically, DCFlex will establish five to ten flexibility hubs, demonstrating innovative data center and power supplier strategies that enable operational and deployment flexibility, streamline grid integration, and transition backup power solutions to grid assets. Demonstration deployment will begin in the first half of 2025, and testing could run through 2027.").

[185] *See* Anuja Ratnayake, Unlocking AI Potential with Data Center Flexibility, ENERGYCENTRAL (June 12, 2025), https://www.energycentral.com/intelligent-utility/post/unlocking-aipotential-with-data-center-flexibility-PtPoXIAuRMzs5Ff ("In a preliminary test of the depth of computational flexibility possible in an AI data center, the Arizona demonstration site experienced some early success. It showcased the potential for an AI data center to provide grid relief during a peak system event—such as a hot summer day with high power demand—by temporarily and precisely ramping down its electricity consumption without compromising data center performance.").

[186] NYU Institute for Policy Integrity, *Enough Energy*, at 25 (attached as Ex. 16) (hereinafter "IPI Report"); *see also* GridLab Analysis, Ex. 14 at 2 ("It does not address flexibility of this load, however, which was recently demonstrated in a report from Duke University to allow for 100 GW of large load additions today with minimal grid impact.").

[187] S.B. No. 6 § 4, 89th Legislature (Tex. 2025) (to be enacted at Tex. Util. Code § 39.170), https://perma.cc/4Z7H-9XKQ; Brian Martucci, Texas Law Gives Grid Operator Power to Disconnect Data Centers During Crisis, UTILITY DIVE (June 25, 2025), https://perma.cc/SYK3-V4XX; Waleed Aslam & Robin Hytowitz, Elec. Power Rsch. Inst., Texas SB6 Explained: Addressing Large Load Impacts (2025), https://perma.cc/QD8S-3M5C.

[188] *See, e.g.* London Economics International LLC, *Uncertainty and Upward Bias Are Inherent in Data Center Electricity Demand Projections* at 39 (July 7, 2025) (attached as Ex. 17), https://www.selc.org/wp-content/uploads/2025/07/LEI-Data-Center-Final-Report-07072025-2.pdf.

[189] How big tech plans to feed AI's voracious appetite for power, The Economist (July 28, 2025), https://www.economist.com/business/2025/07/28/how-big-tech-plans-to-feed-ais-voracious-appetite-for-power.

pose risks to the distribution system or shift costs to other consumers, all of which could slow or redirect the forecasted data center load growth.[190] The Department fails to evaluate any of these dynamics in the RAR.

In addition to the overall rate of data center load growth, the Department also uses a poorly described and supported methodology to allocate data center load to different regions. As the IPI observes, DOE used state-level growth ratios to allocate the projected data center load across regions, "[b]ut it is unlikely that all the computing demand needs to be processed close to load centers (i.e., proportional to a region's current electric load)."[191] IPI posits that "some computing demand may be served from other regions if it will be cheaper to integrate the data center elsewhere," and observes that "[g]iven the scale of DOE's projected data center load compared to the relatively small resource adequacy shortfalls that the study identifies, these assumptions may have made the difference between whether a region achieves DOE's resource adequacy targets."[192] Figure 8 in the RAR (New Data Center Build) shows that DOE's estimates for the percentage of data center load growth that will be built in various RTOs in some cases differs substantially from the percentages in the various forecasts that DOE used to calculate its overall data center load growth estimate. DOE does not explain why it discards these studies' more geographically specific estimates and instead relies on a single state-level growth ratio derived from a different study.

The Department's approach to estimating non-data center load growth by 2030 is also poorly explained in the RAR and likely flawed. DOE relies upon NERC's 2024 Long-Term Reliability Assessment forecast for overall load growth, but because the Department otherwise seeks to include elevated levels of data center load growth in the RAR, it must back out an estimate of data center load growth from the overall forecast.[193] The estimate that DOE chooses to back out is a "low-growth" case for data center load from a different source (which DOE presents in volumetric consumption terms, rather than peak demand). This approach, without further information to understand DOE's analysis, could have resulted in DOE over-estimating non-data center load growth. This effect is likely exacerbated by recent changes in federal law that will reduce electricity consumption from

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[190] Jason Plautz, *Rulemakers play catch-up as data centers multiply*, E&ENews by Politico (July 18, 2025), https://www.eenews.net/articles/rulemakers-play-catch-up-as-data-centers-multiply/.

[191] IPI Report, Ex. 16 at 26.

[192] *Id.*

[193] RAR, Ex. 1 at 17 ("Given the rapid emergence of AI/DC loads, additional steps were taken to account for this category of demand. It is difficult to determine how much AI/DC load is already embedded in NERC [Long-Term Reliability Assessment] forecast, for example, the 2024 [Long-Term Reliability Assessment] saw more than 50GW increase from 2023, signaling a major shift in utility expectations. To benchmark existing AI/DC contribution, DOE assumed base 2023 AI/DC load equaled the EPRI low-growth case of 166 TWh.").

specific sectors, including vehicles and hydrogen electrolysis. The utility forecasts included in the NERC Long-Term Reliability Assessment included projections of vehicle and building electrification that depend in part on tax credits and incentives that were revoked prior to publication of the RAR as part of the One Big Beautiful Bill Act ("OBBBA"). Recent analysis shows that the elimination or reduction of tax credits that supported new sources of electricity load growth will have a meaningful effect by 2030.[194] As a result, DOE's non-data center load growth projections are likely overstated.

3. Assumptions about supply are unsupported.

a. In the RAR, the Department Overstates Likely Retirements.

The Department finds the most dire resource adequacy shortfalls occur in the Plant Closures case, in which it assumes 104 GW of retirements by 2030.[195] This estimate is much higher than the most recent data from the EIA released in June 2025 in its authoritative Form 860, which shows 50 GW fewer retirements than assumed in the RAR.[196] As GridLab experts explained, DOE assumed not only "these 50 GW of likely retirements, but [also] included another 50 GW of *announced* retirements."[197] While it may be appropriate to include announced retirements in certain long-term planning exercises, it is unreasonable to assume such retirements will happen as the basis for extraordinary emergency actions. Without more detail about any formal or binding characteristics of those announcements, or the factors purportedly driving those announcements, it is impossible to verify the validity of this input that doubles the amount of otherwise projected resource retirements. Even EIA's Annual Energy Outlook, which does model projected retirements beyond those already formally noticed, finds 10 GW fewer thermal retirements by 2030 than does DOE.[198] Without further support for the 50 GW assumed retirement

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[194] *See, e.g.,* Princeton NetZero Lab and Evolved Energy Research, A Fork in The Road: Impacts of Federal Policy Repeal on the U.S. Energy Transition, at Tab 12 (last updated July 3, 2025), https://public.tableau.com/app/profile/evolvedenergyresearch/viz/AForkinTheRoad_ImpactsofFederalPolicyRepealontheU_S_EnergyTransition_June/1Title (showing approximately 100 TWh annual energy use reduction in 2030 compared to mid-range estimates of the status quo ante).

[195] RAR, Ex. 1 at 5.

[196] U.S. EIA, Annual Energy Outlook 2025: Table 9. Electricity generating capacity (March 2025), https://www.eia.gov/outlooks/aeo/data/browser/#/?id=9-AEO2025&region=0-0&cases=ref2025&start=2025&end=2030&f=A&linechart=ref2025-d032025a.4-9-AEO2025&map=&sourcekey=0. *See also* GridLab Analysis, Ex. 14 at 2.

[197] GridLab Analysis, Ex. 14 at 2; *see also* IPI Report, Ex. 16 at 24 (explaining that DOE's "number includes both 'confirmed' retirements—resources that have notified their system operators of their impending retirements and begun the retirement process—and 'announced' retirements—which are publicly stated but not officially noticed.").

[198] According to the U.S. EIA's 2025 Annual Energy Outlook, coal-fired generating capacity is projected to decline by 93.6 GW between 2025 and 2030 in the Reference case, approximately 10

value, the Plant Closures case is nothing more than speculation about what might happen if certain assumptions were to come true.

Such assumptions are particularly unjustified given that, as GridLab notes, "[m]ost likely many plants will choose not to retire due to the changing regulatory and economic landscape."[199] The IPI makes a similar point in their critique of DOE's retirement assumptions, noting that "the economics of energy production have changed since 2024. The combined effect of new demand from data centers and the elimination of federal tax credits for new wind and solar resources improves the financial outlook for thermal resources."[200] As one snapshot of this trend, high capacity prices in the PJM region led to 1.1 GW of resources withdrawing formal deactivation notices since last summer.[201] IPI also observes that the Trump Administration is seeking to rescind or reexamine many federal environmental regulations that would have required thermal resources to make investments reducing their pollution or else retire before 2030, "which could cause resources to delay their retirements."[202]

b. In the RAR, the Department Understates Likely New Entry by 2030 and Other Sources of Supply.

Among the most impactful and unsupported assumptions in the RAR is that "only [generation] projects that are very mature in the pipeline (such as those with a signed interconnection agreement) will be built" by 2030.[203] DOE thus constrains its analysis to include only projects designated as Tier 1 in the NERC 2024 Long Term Resource Assessment, which it then maps to Interregional Transfer Capability Study regions. Because Tier 1 includes only resources that are already under construction, have signed construction service agreements, and similar

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fewer GW of retirements than modeled in the DOE report. No other fossil fuel technology shows a net decrease in generating capacity in the 2025 Annual Energy Outlook analysis. U.S. EIA, Annual Energy Outlook 2025: Table 9. Electricity generating capacity (March 2025), https://www.eia.gov/outlooks/aeo/data/browser/#/?id=9-AEO2025&region=0-0&cases=ref2025&start=2025&end=2030&f=A&linechart=ref2025-d032025a.4-9-AEO2025&map=&sourcekey=0.

[199] GridLab Analysis, Ex. 14 at 2.

[200] IPI Report, Ex. 16 at 24.

[201] PJM Inside Lines, PJM Auction Procures 134,311 MW of Generation Resources; Supply Responds to Price Signal (July 22, 2025) https://insidelines.pjm.com/pjm-auction-procures-134311-mw-of-generation-resources-supply-responds-to-price-signal/ ("Since the 2025/2026 Base Residual Auction results were posted on July 30, 2024, 17 generating units totaling approximately 1,100 MW worth of Capacity Interconnection Rights have withdrawn their retirements").

[202] IPI Report, Ex. 16 at 24-25.

[203] RAR, Ex. 1 at 12.

characteristics,[204] this assumption "results in minimal capacity additions beyond 2026."[205] As experts at GridLab observe, the assumption that "no projects are built post 2026, [] is not realistic for a report forecasting to 2030."[206] This is especially true given rising energy prices due to increased demand, which is attracting more investment to the market and driving new construction of generation resources.

The Department also states in the RAR that of these Tier 1 additions, just 22 GWs of generator additions are "firm" (thermal) resources, which severely underestimates new gas generation compared to other projections. According to GridLab, "a more reasonable assumption for forecasted capacity additions is the EIA 860 released in June 2025, which has 35 GW of gas additions, and another 53 GW of batteries [for a total of] 88 GW of firm additions by 2030."[207] Other federal government projections are even higher: EIA's 2025 Annual Energy Outlook projects 90 GWs of new fossil generators added to the system through 2030.[208] 80 GWs of the EIA-projected natural gas growth are in earlier development stages and likely did not meet the 2024 NERC Long-Term Reliability Assessment Tier 1 criteria to be included in the RAR.

As researchers at the IPI conclude, DOE departed from best practice in declining to include any resources classified by NERC as "Tier 2" resources[209] in the overall resource adequacy analysis for 2030, even those at advanced stages of the interconnection process.[210] A reasonable process could have involved "examin[ing]

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[204] *See* IPI Report, Ex. 16 at n.155 (citing NERC, 2024 Long Term Reliability Assessment, 137 (last updated July 15, 2025) https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_Long%20Term%20Reliability%20Assessment_2024.pdf).

[205] RAR, Ex. 1 at A-5.

[206] GridLab Analysis, Ex. 14 at 3.

[207] *Id.*

[208] According to the U.S. EIA, the policy-neutral reference case projects a 93.29 GW increase in combined cycle, fossil steam, and combustion turbine capacity between 2025 and 2030. U.S. EIA, Annual Energy Outlook 2025: Table 9. Electricity generating capacity (March 2025), https://www.eia.gov/outlooks/aeo/data/browser/#/?id=9-AEO2025&region=0-0&cases=ref2025&start=2025&end=2030&f=A&linechart=ref2025-d032025a.4-9-AEO2025&map=&sourcekey=0.

[209] NERC defines Tier 2 resources as those having one of the following characteristics: "Signed/approved Completion of a feasibility study, Signed/approved Completion of a system impact study, Signed/approved Completion of a facilities study, Requested Interconnection Service Agreement, Included in an integrated resource plan or under a regulatory environment that mandates a resource adequacy requirement (Applies to RTOs/ISOs)." NERC, 2024Long Term Reliability Assessment, 137 (Dec. 2024, updated July 15, 2025) https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_Long%20Term%20Reliability%20Assessment_2024.pdf.

[210] IPI Report, Ex. 16 at 23.

historical statistics of interconnection queue time by region, resource type, and resource size, along with differentiated queue withdrawal rates, estimating Tier 2 resource additions for each region."[211] For example, for the PJM region, the Independent Market Monitor's analysis shows that 15% of generation projects (on an energy basis) successfully enter service.[212] As of late 2024, PJM had over 44 GW of accredited capacity in its interconnection queue.[213] To assume that none of this capacity would enter service by 2030, as DOE's analysis does, is unreasonable.

Such an analysis should also consider factors pointing towards even faster queue times than those seen in the historical data, given factors now expediting interconnection queues such as implementation of FERC Order 2023, streamlining of tools to better utilize existing points of interconnection (e.g., surplus interconnection service), and various interconnection fast tracks that FERC has recently approved.[214] For example, it is unreasonable for DOE to exclude from consideration the over 9 GW of accredited capacity that PJM selected in May 2025 to participate in its Reliability Resource Initiative—the vast majority of these projects (primarily gas and battery energy storage systems) are committed to be online by 2030,[215] but are omitted in DOE's analysis because they do not yet have a signed interconnection agreement. DOE paints an inaccurate picture of new entry by ignoring recently adopted policies designed to address the very same tightening supply and demand conditions that DOE describes.

DOE also underestimates the extent to which interregional transfers of energy could help to prevent or address any shortfalls. Noting that it relies upon the interregional transfer capacities identified by NERC in its Interregional Transfer Capability Study, DOE explains that "[i]mports are assumed to be available up to the minimum total transfer capacity and spare generation in the

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[211] *Id.*

[212] Monitoring Analytics, 2024 State of the Market Report, at 705 (2024) https://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2024/2024q2-som-pjm-sec12.pdf (noting 14.9% completion rate).

[213] PJM, Reliability Resource Initiative MRC Update, at slide 6 (Nov. 7, 2024) https://www.pjm.com/-/media/DotCom/committees-groups/committees/mrc/2024/20241107-special/item-04---reliability-resource-initiative---presentation.ashx.

[214] *Id. See also* Prefiled Statement of Manu Asthana on Behalf of PJM Interconnection, L.L.C., FERC Docket No. AD25-7, at 4 (May 27, 2025), https://www.ferc.gov/media/manu-asthana-pjm-president-and-ceo (touting recent improvements to PJM's interconnection queue by noting that "[a]n additional approximately 18 GW is being processed to move to the final study phase for completion this year, and an additional 56 GW (including projects from Transition Cycle 2 and Reliability Resource Initiative) will be through the queue by late 2026.").

[215] PJM, Reliability Resource Initiative Results Summary, at slide 9 (May 6, 2025) https://www.pjm.com/-/media/DotCom/committees-groups/committees/pc/2025/20250506/20250506-item-06---reliability-resource-initiative---summary-results.pdf.

neighboring subregion."[216] Because the Interregional Transfer Capability Study calculated interregional transfer capacities for both summer and winter, and for each direction of flow, it is unclear what DOE means regarding allowing transfers up to the minimum. As the IPI observes: "If DOE picked the lesser of the summer and winter transfer capacities and applied that annually, doing so would inaccurately underestimate the amount of interregional transfer capacity."[217] This is yet another example of where DOE fails to explain its methodology with sufficient detail to enable an evaluation of whether its approach is reasonable, or is supported by substantial evidence.

4. DOE's use of a deterministic analysis provides an incomplete and inaccurate picture.

For the RAR, DOE employs a deterministic approach in examining resource adequacy; that is one that "evaluate[s] resource adequacy using relatively stable or fixed assumptions about the representation of the power system," rather than a probabilistic approach that "incorporate[s] data and advanced modeling techniques to represent uncertainty that require more computing power."[218] DOE explains it chose a deterministic approach "for transparency and to model detailed historic system conditions."[219] However, deterministic approaches have significant limitations; as NERC explained in the Interregional Transfer Capability Study on which DOE otherwise heavily relies, because that study did not employ a probabilistic approach, it "should not be considered a North American resource adequacy assessment."[220] The problem, as IPI explains, is that "[b]y examining whether regions would be resource adequate only under conditions that resemble the recent past, DOE's study does not sufficiently account for uncertainty."[221] Furthermore, as NERC itself has explained, under a deterministic approach, "some regions may look resource adequate because they happened to do well during the twelve years of data, while others look resource inadequate but be unlikely to perform as poorly in the future."[222] As IPI concludes, neither of DOE's professed reasons for using a deterministic approach justifies departing from best practices, as "DOE could document a probabilistic approach in a transparent way, and relying on a small sample of historic years is less accurate than a probabilistic approach."[223]

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[216] RAR, Ex. 1 at 12.

[217] IPI Report, Ex. 16 at 26.

[218] RAR, Ex. 1 at 2 n.2.

[219] *Id.*

[220] IPI Report, Ex. 16 at 21 (citing NERC, Interregional Transfer Capability Study, at 4 (2024) (hereinafter "NERC ITCS")).

[221] IPI Report, Ex. 16 at 21.

[222] *Id.* (citing NERC ITCS at 138).

[223] *Id.* at 21.

DOE may have chosen a less sophisticated and rigorous approach given the limited amount of time in which the Grid EO required this analysis to be completed, but regardless of the reason, the limitations inherent in DOE's deterministic methodology mean that its findings should not be taken as conclusive or form the basis for further extraordinary actions.[224]

5. DOE uses an elevated threshold for determining when outages will occur.

In the RAR, the Department projects a shortfall if "the remaining capacity after transmission and demand response falls below the 6 percent or 3 percent needed for error forecasting and ancillary services, depending on the scenario."[225] This approach, and the particular values used as thresholds, come from the NERC Interregional Transfer Capability Study, which uses 3% as the default threshold and 6% only in a sensitivity analysis. NERC explains that the 3% value "was established based on an evaluation of average reserve requirements where load shed may occur" in order for a Balancing Authority to continue to hold the minimum reserves needed to protect the system from cascading or widespread outages.[226] In the sensitivity examined by NERC, using the 6% threshold "significantly altered the existence and extent of predicted outages in many regions, such as producing a 690% increase in the size of the maximum outage event in SERC-Florida."[227]

As the IPI analysis notes, DOE provides no further explanation for when and how it uses 6% as a threshold versus 3%.[228] While the Department directs readers to an appendix with further detail, the appendices do not in fact provide any further information regarding this critical assumption.[229] Furthermore, "the fact that DOE listed 6% first may suggest that 6% was not limited to a sensitivity analysis," and that if "DOE's model instead identifies shortage events even when a region still has 6% of load available as spare capacity, then DOE's results depart from NERC's practice and may overstate the extent of expected outages."[230] DOE's failure to explain its own methodology concerning such a critical input to its analysis, including through the failure to provide information in an appendix that the RAR states exists, renders the RAR arbitrary and capricious. Insofar as the RAR's results for 2030 scenarios depend upon the 6% threshold, DOE must explain why

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[224] *Id.* ("Given the high stakes associated with resource adequacy planning, any future DOE resource adequacy assessment should prioritize accuracy over expediency.")

[225] RAR, Ex. 1 at 12.

[226] IPI Report, Ex. 16 at 22 (citing NERC ITCS, at 91 n.90, 85).

[227] IPI Report, Ex. 16 at 22 (citing NERC ITCS at 105 tbl.8.4); *see also id.* ("Under the 6% sensitivity, NERC also recommended 58 GW of transmission additions to address resource adequacy instead of 35 GW, illustrating the sizable influence of shifting this assumption from 3% to 6%.")

[228] IPI Report, Ex. 16 at 22.

[229] *Id.*

[230] *Id.*

such a threshold is appropriate, given the departure from NERC's practice and the evidence in the NERC report considering the propriety of a far lower threshold.

6. DOE inconsistently applies its own methodology.

Several of the findings in the RAR are inconsistent with the methodology that DOE develops. For instance, DOE states that "[a]nalysis of the current system shows all regions except ERCOT have less than 2.4 hours of average loss of load per year and less than 0.002% NUSE" (the standards DOE developed for this study).[231] DOE further explains that "[w]hen looking at metrics in the worst weather years, regions meet or exceed additional criteria. All regions experienced less than 20% of lost load in any hour."[232] Despite these clear findings, DOE goes on to state that "PJM, ERCOT, and SPP experienced significant loss of load events during 2021 and 2022 winter storms Uri and Elliot which translated into more than 20 hours of lost load," and asserts that this "results in a concentration of lost load within certain years such that some regions exceeded 3-hours-per-year of lost load."[233] As an initial matter, the PJM system did not experience any lost load due to resource inadequacy during Winter Storms Uri or Elliott.[234] Second, DOE's focus on whether a region had lost load or a risk of lost load in a particular weather year is inconsistent with DOE's own articulation of its resource adequacy standards, as "average indicators" assessed across all scenarios and years.[235] As the IPI notes, these standards are "not a requirement that must be achieved in each and every scenario."[236]

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[231] RAR, Ex. 1 at 7.

[232] *Id.*

[233] *Id. See also Id.* at 9 ("For the current system, this analysis identifies an additional 2.4 MW of capacity to meet the NUSE target for PJM, which experiences shortfalls due to the winter storm Elliot historical weather year.").

[234] PJM Inside Lines, PJM Releases Winter Storm Elliott Report (July 17, 2023) https://insidelines.pjm.com/pjm-releases-winter-storm-elliott-report/ ("PJM maintained system reliability and served customers throughout the extreme weather that affected the region Dec. 23–25 [2022], and even was able to support its neighbors during certain periods."); *see also* FERC, NERC and Regional Entity Staff Report, *The February 2021 Cold Weather Outages in Texas and the South Central United States* (Nov. 16, 2021), https://www.ferc.gov/media/february-2021-cold-weather-outages-texas-and-south-central-united-states-ferc-nerc-and (noting that PJM was exporting power to neighboring regions during Winter Storm Uri, and investigating rolling blackouts only in Texas and south central states).

[235] RAR, Ex. 1 at 5.

[236] IPI Report, Ex. 16 at 20.

D. Notice and Comment Procedures Are Required for Any "Uniform Methodology" the Department Uses to Guide Reliability Interventions.

Under the Administrative Procedure Act, federal agencies must provide notice and an opportunity for public comment when issuing rules, with limited exceptions not applicable here.[237] If the RAR is, as the Department claims on page vi, a "uniform methodology" for agency decisionmaking on reliability interventions, then the Department needed to provide notice and seek and respond to public comment on this methodology. The Department cannot slip in "entirely new information critical" to its "determination[s]" without taking and responding to public comment.[238]

In the past, when the Department sought to create uniform triggers for reliability intervention within its authority, it issued notice and sought comment.[239] If the RAR is a "uniform methodology" for reliability interventions, then the Department has effectively amended those prior regulations on reliability interventions without following legally required procedures. For example, the Department has regulations defining "emergency" and setting forth procedures for an applicant to demonstrate an "emergency" in the context of Federal Power Act Section 202(c) orders.[240] If the RAR is now a mandatory factor in determining whether there is an "emergency," the Department has changed its existing regulations without following required notice and comment procedures.

E. NEPA Procedures Must Be Followed for Any RAR on Legislative Proposals or "Uniform Methodology" the Department Uses to Guide Reliability Interventions.

Under the National Environmental Policy Act ("NEPA"), agencies must include a "detailed statement" on the environmental impacts of a proposed action "in every recommendation or report on proposals for legislation and other major Federal actions significantly affecting the quality of the human environment."[241] If the RAR is a "uniform methodology" for agency decisionmaking on reliability interventions, it qualifies as a major federal action requiring, at a minimum, an Environmental Assessment and most likely, under the circumstances, a full

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[237] 5 U.S.C. §§ 553(b), (c).

[238] *Am. Pub. Gas Assoc. v. DOE*, 72 F.4th 1324, 1338 (D.C. Cir. 2023) (cleaned up).

[239] *See* Grid Security Emergency Orders: Procedures for Issuances, 83 Fed. Reg. 1174 (Jan. 10, 2018) (final rule on Federal Power Act section 215A procedures issued after notice and comment); Emergency Interconnection of Electric Facilities and the Transfer of Electricity to Alleviate an Emergency Shortage of Electric Power, 46 Fed. Reg. 39,984 (Aug. 6, 1981) (final rules concerning emergency interconnections under Federal Power Act sections 202(c) and 202(d) issued after notice and comment).

[240] 10 C.F.R. §§ 205.371; 205.373.

[241] 42 U.S.C. § 4332(C).

Environmental Impact Statement. However, the RAR does not contain any statement whatsoever, and certainly no "detailed statement," on environmental impacts.

Yet the RAR purports to guide "government decisionmakers" on one of the most significant issues that affect the environment—electricity generation. The electricity sector is responsible for wide-ranging environmental impacts—from smog to greenhouse gas emissions to toxic metals to acid rain.[242] Uniform rules on reliability interventions would significantly affect the environment because some of these reliability interventions allow environmental rules for electricity generators to be waived.[243]

VI. CONCLUSION

For the reasons set forth above, the undersigned Public Interest Organizations respectfully request that the Department withdraw the RAR. In the alternative, the Department should not use the RAR as support for any reliability intervention or other action until and unless it (1) provides notice of the statutory authority under which DOE issued the RAR and publishes all data underlying the RAR, (2) provides a detailed explanation of the specific uses for the methodology, and (3) allows interested parties to comment on the RAR before finalizing it.

Dated: August 8, 2025

Respectfully submitted,

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[242] *See* EPA, Human Health & Environmental Impacts of the Electric Power Sector (Feb. 6, 2025) https://www.epa.gov/power-sector/human-health-environmental-impacts-electric-power-sector.

[243] *See* 16 U.S.C. § 824a(c)(4)(A).

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BEFORE THE UNITED STATES DEPARTMENT OF ENERGY

Federal Power Act Section 202(c) Emergency Order: Midcontinent Independent System Operator and Northern Indiana Public Service Company LLC	)))))	Order No. 202-26-46
Federal Power Act Section 202(c) Emergency Order: Midcontinent Independent System Operator and CenterPoint Energy Indiana South	)))))	Order No. 202-26-47

Exhibit to
Motion to Intervene and Request for Rehearing and Stay of
Public Interest Organizations

Exhibit 100A
NIPSCO 2024 IRP, Part 1

150 West Market Street, Suite 600
Indianapolis, IN 46204

December 9, 2024

Via Email Delivery – bborum@urc.in.gov

Dr. Brad Borum, Director
Research, Policy and Planning Division
Indiana Utility Regulatory Commission
PNC Center
101 West Washington Street, Suite 1500 East
Indianapolis, Indiana 46204

Re: Northern Indiana Public Service Company LLC
2024 Integrated Resource Plan

Dear Dr. Borum:

In accordance with 170 IAC 4-7 ("IRP Rules"), Northern Indiana Public Service Company LLC ("NIPSCO") is submitting via email transmission its redacted Integrated Resource Plan ("IRP") (Volume 1). NIPSCO's IRP reflects the assessment of supply- side and demand-side resources to meet NIPSCO's customers' electric service needs.

The nonredacted version of NIPSCO's IRP is the subject of a petition being filed contemporaneous with this email transmission of the redacted version of its IRP. Once NIPSCO has received approval for confidential treatment of its IRP, a nonredacted version will be submitted under seal. This procedure is at the request of the Commission staff.

By copy of this letter, NIPSCO is providing to the Commission the information required by 170 IAC 4-7-2(c). The organizations or individuals NIPSCO considered to be interested parties are included on an enclosure included with this letter. This list was determined based on organizations or individuals that participated in NIPSCO's IRP process.

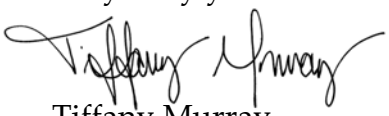
By copy of this letter, which NIPSCO is sending via electronic mail, NIPSCO notifies the interested parties that it has submitted an IRP to the Commission that is generally described above and the redacted copy of NIPSCO's IRP can be viewed / downloaded at https://www.nipsco.com/irp. The Commission invites an interested party

to submit written comments on NIPSCO's submitted IRP. The Commission will provide notice of the IRP and the due date for the submission of written comments pursuant to the publication requirements of Ind. Code § 8-1-1-8. 170 IAC 4-7-2.2 provides for a ninety (90) day period, or longer as determined by the Commission, to submit written comments.

In accordance with 170 IAC 4-7-2(d)(3), NIPSCO is serving via email transmission its redacted IRP (Volume 1) on the Indiana Office of Utility Consumer Counselor ("OUCC"). A nonredacted copy of NIPSCO's IRP (Volume 2) is also being provided to the OUCC pursuant to the Standard Form Nondisclosure Agreement between NIPSCO and the OUCC dated August 6, 2006.

NIPSCO has submitted an IRP that is intended to contain the information required by the Commission's IRP Rules. If the Commission, its Staff, or any interested party believes that NIPSCO's IRP needs clarification in some respect, please contact Erin Whitehead at (317) 965-8334 or via email at ewhitehead@nisource.com

Very truly yours



Tiffany Murray

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Integrated Resource Plan

NIPSCO 2024 SUMMARY

NIPSCO
A NiSource Company

NIPSCO.com/IRP

BACKGROUND

For a balanced, sustainable energy future, NIPSCO is committed to transitioning to diverse, cleaner energy solutions in a manner that is driven by real-world data and economics and that ensures continued protections and benefits to the customers and communities we serve across Northern Indiana. NIPSCO presents this Integrated Resource Plan, or IRP, to the Indiana Utility Regulatory Commission (IURC) every three years.

Since NIPSCO introduced our last plan in 2021, we've continued to build out our electric generation portfolio with the completion of wind, solar, and storage projects and gained regulatory approval for our natural gas peaking resource that will be located at the R.M. Schahfer Generating Station property. We look forward to soon adding more renewable energy resources to our portfolio, including battery storage technology that will support the safety and reliability of the energy we provide.

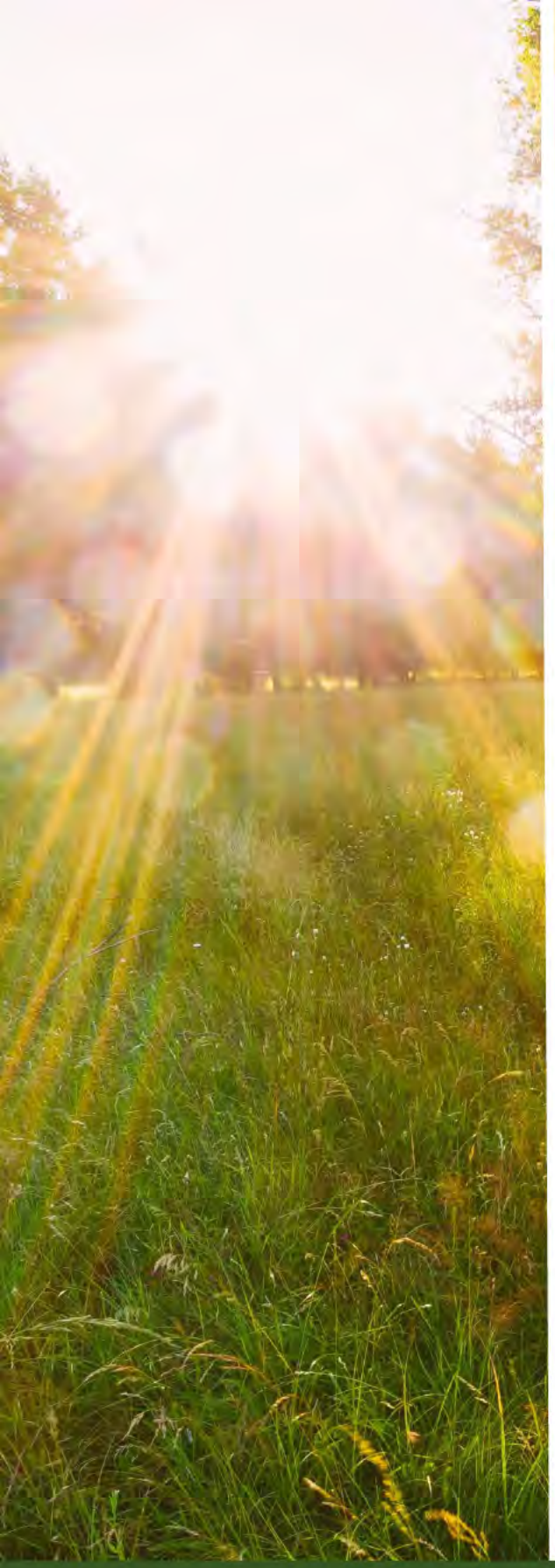
As we evolve alongside our communities and the rapidly changing energy landscape, we use a forward-looking analysis framework to create our updated IRP, which establishes a roadmap for near-term electric portfolio decisions and our long-term vision. Our process involves a comprehensive analysis of our future energy mix, informed by valuable input from numerous stakeholders including customers, regulators and local community leaders.

NIPSCO's IRP outlines a path that keeps our customers' best interests at the forefront and allows NIPSCO to be flexible as we move forward. As new load comes on to NIPSCO's system and as regulations continue to evolve, we will ensure we have the appropriate generation resources to meet the reliability and energy needs of all of our customers.

EVOLVING ALONGSIDE OUR COMMUNITIES

The modeled portfolios throughout the IRP are regulatory requirements made in connection with integrated resource planning that contain the Company's forward-looking assumptions. These modeled portfolios are not an indication of actual future events and should not be relied upon as such.





ABOUT THE 2024 INTEGRATED RESOURCE PLAN

Our IRP charts a path to best meet the energy needs of our customers for the next 20 years, and it is updated every three years. The 2024 plan reflects the dynamic changes taking place in the electric industry, the changing needs and behaviors of our customers, and evolving policy and market rules.

Our 2024 IRP captures this evolving environment and creates a highly flexible plan that achieves the following:

- Maintains the window to retire all remaining coal-fired generation by 2028, with our largest remaining plant retiring by 2025
- Retires aging gas peaking units by 2027
- Continues replacement of retiring generation resources with a diverse, flexible, and scalable mix of incremental resources, including short-term contracted capacity resources, expanded demand side management programs, solar, large battery storage, and new natural gas peaking resources
- Prepares for potential hyperscaler data center load with a combination of baseload and peaking natural gas generation, battery storage, and renewable capacity
- Explores potential alternatives on the path toward further decarbonization of the generation portfolio, including hydrogen generation, carbon capture, and emerging energy storage technologies
- Positions the portfolio to meet reserve margin obligations associated with Midcontinent Independent System Operator Inc.'s (MISO) new Direct Loss of Load (D-LOL)[1] market construct, which will materially impact resource accreditation and NIPSCO's seasonal load obligation
- Prepares for compliance with the Environmental Protection Agency's (EPA) Greenhouse Gas (GHG) rule and provides NIPSCO flexibility for several potential pathways toward its Net Zero emissions target based on potential future technological developments

[1] On October 28th, 2024, the Federal Energy Regulatory Commission (FERC) approved MISO's D-LOL me hodology for calculating and awarding capacity value to generating facilities. This new me hod of capacity accreditation will impact intermittent resources most significantly.

ABOUT NIPSCO

Approximately 500,000 Northern Indiana homes and businesses in 32 counties depend on NIPSCO each day for safe, reliable and affordable energy.

NIPSCO IS INTEGRATED INTO THE BROADER ENERGY MARKETPLACE

NIPSCO's service territory and resources are part of the MISO power market, specifically located within Local Resource Zone 6 (LRZ6), covering Indiana and parts of Kentucky. Independent System Operators (ISOs) like MISO perform the following key roles:

- Ensure the reliability of the electric system by complying with Federal Energy Regulatory Commission (FERC) Orders and North American Electric Reliability Corporation (NERC) Reliability Standards;
- Oversee markets for energy, capacity, ancillary services, and transmission rights; and
- Direct the daily operation of the electric system, including plant dispatch.

Therefore, as a member of MISO, NIPSCO is not independently responsible for system reliability and market operations. However, NIPSCO must offer its resources into the MISO capacity and energy markets, respond to MISO signals and instructions, and comply with a dynamic set of market rules and standards. In addition, as a Transmission Operator (TOP), NIPSCO is responsible for directly complying with a variety of NERC standards associated with reliability.

The MISO market is currently in the midst of significant change, meaning that NIPSCO must navigate its own portfolio decisions while recognizing the dynamic external environment. These MISO changes include:

- A system-wide transition away from coal and towards more intermittent renewable resources
- The emergence of new technologies with operating profiles that are very different from traditional generation resources like coal and natural gas
- The evolution of market rules to accommodate these changes, such as:
    - Development of new methods of calculating capacity credit for resources
    - Establishment of participation models for distributed energy resources (DER) and long-duration storage energy resources (LDES)

Given the uncertainties associated with future MISO market changes, it is critical that NIPSCO ensure resource planning decisions are flexible enough to adapt over time.

NIPSCO'S 2024 INTEGRATED RESOURCE PLAN APPROACH

Resource planning is a complex undertaking, one that must address the inherent uncertainties and risks that exist in the evolving electric industry landscape. In the 2024 IRP, several key themes shaped the way NIPSCO approached the development of its preferred plan and the supporting analysis. These included a focus on:

- **Long-Term Planning with Intermittent Resources**, particularly associated with understanding the system reliability implications of intermittent resources under MISO's D-LOL capacity accreditation methodology
- **Carbon Emissions and Environmental Policy Trends**, including assessment of diverse portfolio options under the EPA GHG rule for fossil-fueled resources and NIPSCO's goal to achieve Net Zero carbon emissions by 2040
- **Flexibility & Adaptability of the Portfolio** to meet potential new sources of load growth in the NIPSCO territory while still planning to meet the needs of all NIPSCO customers

Using in-depth data, modeling, and risk-based analysis provided by internal and external subject matter experts, NIPSCO's IRP projects future energy and capacity needs and evaluates available options to meet those needs.

NIPSCO's 2024 IRP is based on the best available information at the time this IRP is submitted. Changes that affect our plan may arise, which is why it's important for us to remain flexible and adaptable as we continually evaluate current market conditions, the evolution of technology - particularly energy storage, carbon capture, utilization, and sequestration (CCUS), and hydrogen-based technology - and demand side resources, as well as changing local and federal laws and environmental regulations.



ENGAGE CUSTOMER AND PUBLIC STAKEHOLDERS

Indiana's energy future is everyone's concern. That's why any discussion of resource planning for the future must invite stakeholders into the conversation. We engaged stakeholder groups and individuals in a variety of ways throughout the entirety of the planning process.

NIPSCO initiated stakeholder advisory outreach for its 2024 IRP in April when we hosted a public meeting at Fair Oaks Farm in Fair Oaks, Indiana. Four additional public meetings followed in June, August, and October (2), each one hosted in-person with a virtual participation option as well. NIPSCO also hosted additional virtual technical webinar workshops to discuss IRP topics in greater detail with interested stakeholders. Each of the public stakeholder meetings had over 100 registered participants and garnered a high level of stakeholder participation. Members of NIPSCO's executive leadership team and several of our subject matter experts attended each meeting to hear feedback and answer questions.

Throughout the IRP process, stakeholders were also invited to meet with us on a one-on-one basis to discuss key concerns and perspectives. NIPSCO met with several stakeholders in virtual one-on-one settings and exchanged written correspondence with several others. Each interaction provided a forum for discussion and feedback related to the many components of the IRP. Valuable discussions arose in several key areas, including load forecasting calculations, energy efficiency program analysis, generation portfolio modeling techniques, and data centers.

Stakeholder feedback gained throughout the process was used to inform and improve the final plan. A summary of the meeting materials, including presentations and stakeholder questions, is available at **NIPSCO.com/IRP**.

FORECASTING FUTURE CUSTOMER DEMAND

Projecting customers' energy needs is a key component of the IRP process, and several enhancements to the development of the demand forecast were implemented in the 2024 IRP. The 2024 IRP undertook more rigorous analysis of Electric Vehicle (EV) and industrial loads, including potential new data center loads. A more robust analysis of demand-side management potential and programs was incorporated in the 2024 IRP as well. Grid-edge technologies such as electric vehicle charging, DER, and advanced metering infrastructure (AMI) were assessed to evaluate more responsive customer loads in the future.

Leveraging NIPSCO's load forecasting tools, we developed monthly net energy and peak load projections to evaluate seasonal energy peak periods throughout the plan horizon. This was done through an econometric analysis of customer count, energy usage per customer, and customer class-level along with detailed analysis of the impact of changes in customer behavior on load requirements.

NIPSCO then forecasted the impact of customer-owned DER and EV on load across a range of adoption scenarios. NIPSCO's final forecasts combined the baseline econometric load projections with the DER and EV analysis across planning scenarios to capture a range of future load growth outcomes.

The anticipated growth in demand related to hyperscaler data centers is a new and rapidly changing opportunity in the NIPSCO service territory and across the broader utility industry. NIPSCO's analysis in the 2024 IRP was intended to provide initial guidance with the facts available at the time the core analysis was conducted. NIPSCO, however, will continue to monitor and evaluate the development of data center projects in the coming years. Further, NIPSCO will continue to refine its analysis of potential hyperscaler data center additions in future IRPs and other long-term portfolio planning analyses.

The Reference Case load forecast includes 600 MW of new demand attributable to hyperscaler data center projects beginning in 2028. To account for further data center and large industrial load growth over the IRP horizon, new demand attributable to large economic development projects rises to approximately 2,600 MW by 2035, approximately doubling NIPSCO's projected demand.

NIPSCO also included an Emerging Load sensitivity to account for increased data center demand beyond the Reference Case. This Emerging Load sensitivity projects an initial 3,200 MW of new demand attributable to data centers by 2028 and rising to 8,600 MW of new demand by 2035.



CURRENT SUPPLY

NIPSCO's resource portfolio is in the midst of a transition. NIPSCO continues with retirement activities at the R.M. Schahfer Generating Station. Schahfer Units 14 and 15 were retired in 2021, while Schahfer Coal Units 17 and 18 remain on track to retire by the end of 2025. To replace the retired capacity at Schahfer, the company continues to make progress on its 14 approved renewable energy projects, including wind, solar, and solar plus battery storage resources, as part of our "Your Energy, Your Future" transition plan. Two of these wind projects were placed in service in 2020. An additional wind project was placed into service in 2021. A fourth wind project as well as NIPSCO's first set of solar projects, were placed into service in 2023.

Due to supply chain constraints and price increases, several projects included in the 2021 IRP were either delayed or replaced with projects that were executable and more affordable for NIPSCO customers. NIPSCO's first solar plus battery storage project came online in 2024. The remaining seven projects, representing a mix of wind, solar, and storage, are expected to be completed throughout 2025. NIPSCO also expects a new Gas Peaking resource to come online by the end of 2027 to provide flexibility and reliability to customers and the system.

Additionally, NIPSCO's existing resource portfolio is composed of its last remaining coal-fired plant (Michigan City Unit 12),[2] two hydroelectric plants (Norway and Oakdale), a natural gas-fired combined cycle (Sugar Creek),[3] two older vintage natural gas-fired peaking units at Schahfer (Units 16A and 16B),[4] and demand-side management (DSM) resources.

As NIPSCO looks beyond the implementation of its short-term action plan from the 2021 IRP, it is clear that evolving market rules, environmental policies, and potential hyperscaler data center loads will require attention not only on annual supply and demand of capacity and energy, but also on energy adequacy on an hourly basis. Thus, the 2024 IRP was structured to ensure a robust assessment of the type of resources needed to respond to emerging market conditions and future portfolio retirements.



[2] Michigan City's Unit 12 is planned to retire by the end of 2028.
[3] Sugar Creek was recently uprated to capacity of 565 MW at the end of 2024.
[4] Expected to retire by the end of 2027.

CURRENT & FUTURE NIPSCO GENERATION PORTFOLIO

Robust Renewable Investments in Indiana

NEW GENERATION FACILITIES*	INSTALLED CAPACITY (MW)	COUNTY	IN SERVICE
ROSEWATER WIND	102 MW	WHITE	2020 COMPLETE
JORDAN CREEK WIND	400 MW	BENTON & WARREN	2020 COMPLETE
INDIANA CROSSROADS WIND	302 MW	WHITE	2021 COMPLETE
DUNNS BRIDGE SOLAR I	265 MW	JASPER	2022 COMPLETE
INDIANA CROSSROADS SOLAR	200 MW	WHITE	2023 COMPLETE
INDIANA CROSSROADS II WIND	200 MW	WHITE	2023 COMPLETE
CAVALRY SOLAR	200 MW + 60 MW BATTERY	WHITE	2024 COMPLETE
GREEN RIVER SOLAR	200 MW	BRECKINRIDGE & MEADE (KY)	2025 CONSTRUCTION
DUNNS BRIDGE SOLAR II	435 MW + 75 MW BATTERY	JASPER	2025 CONSTRUCTION
GIBSON SOLAR	200 MW	GIBSON	2025 CONSTRUCTION
FAIRBANKS SOLAR	250 MW	SULLIVAN	2025 CONSTRUCTION
TEMPLETON WIND	200 MW	BENTON	2025 PRE-CONSTRUCTION
CARPENTER WIND	200 MW	JASPER	2025 PRE-CONSTRUCTION
APPLESEED SOLAR	200 MW	CASS	2025 PRE-CONSTRUCTION
GAS PEAKING RESOURCE	400 MW	JASPER	2027 PRE-CONSTRUCTION



GENERATION FACILITIES	INSTALLED CAPACITY (MW)	FUEL	COUNTY
MICHIGAN CITY RETIRING 2028	455 MW	COAL	LAPORTE
R.M. SCHAHFER RETIRING 2025 (COAL) – 2028 (NG)	722 MW + 155 MW	COAL + NATURAL GAS	JASPER
SUGAR CREEK	563 MW	NATURAL GAS	VIGO
NORWAY HYDRO	7.2 MW	WATER	WHITE
OAKDALE HYDRO	9.2 MW	WATER	CARROLL



ANALYZING FUTURE SUPPLY OPTIONS – REQUESTS FOR PROPOSALS

NIPSCO conducted four separate Request for Proposals (RFP) events covering all sources to help inform the 2024 IRP planning process and to gain information on available, actionable projects with real costs from the marketplace. All energy technology companies were eligible to participate, and for the 2024 RFP, NIPSCO received 116 proposals — representing 58 individual projects with more than 9.6 gigawatts (GW) of installed capacity (ICAP). In concert with the core IRP analysis, RFP screening criteria included energy source availability, technical feasibility, commercial availability, economic attractiveness, and environmental compatibility. NIPSCO is likely to conduct additional RFPs should hyperscaler data center opportunities materialize, to supplement the capacity sourced in the 2024 RFP. NIPSCO will also ensure full evaluation of a wide range of new technologies either via the RFP process or through other means such as pilots at existing facilities (i.e., Carbon Capture, Utilization, and Sequestration (CCUS) and hydrogen at Sugar Creek), LDES, and Small Modular Reactors (SMR), among other potential future technologies.

DEMAND SIDE MANAGEMENT AND ENERGY EFFICIENCY

DSM programs and energy efficiency measures have been an integral part of the NIPSCO supply mix. Promoting energy efficiency is not only good for customers, but it can also play an important role in helping ensure that we can meet future energy needs. Consequently, the assessment of DSM and energy efficiency programs is a core component of the IRP process.

NIPSCO offers a variety of programs to help residential and business customers conserve energy and save money. The programs are tailored to customers and designed to help ensure energy savings. From 2010 through June 2024, NIPSCO customers have saved more than 1.7 million megawatt hours of electricity by participating in the range of energy efficiency programs offered by NIPSCO.

Technologies continue to change, and it's important that we constantly evaluate our offerings. We regularly track and report on program performance, which helps to inform and improve future program filings and customer offerings. The 2024 IRP included a robust assessment of future DSM programs through a Market Potential Study and rigorous portfolio analysis of the various options.

PREFERRED PORTFOLIO AND NEXT STEPS

NIPSCO has developed a short-term action plan in this 2024 IRP that ensures NIPSCO can confidently provide the least cost portfolio available while complying with significant regulatory changes from MISO in 2024. The short-term action plan ensures NIPSCO can maintain reliability, diversity, and flexibility regardless of whether or not new large loads come onto our system. Therefore, the action plan will cover needed actions and investments regardless of the level of load growth, and separately, other investments that will be contingent on large load growth (particularly from data center customers).

As previously planned, NIPSCO will complete the retirement and shutdown of Schahfer Units 17 and 18 by the end of 2025 and continue activities associated with the implementation of transmission system reliability upgrades. NIPSCO will also continue in its plan to retire Michigan City Unit 12 by 2028. NIPSCO will continue to complete and place in service wind, solar, and solar plus storage replacement resources previously approved by the Commission for the scheduled 2025 retirement of all coal units at Schahfer, and the scheduled 2028 retirement of Michigan City. A total of ~2,100 MW have been approved by the Commission and will be placed in-service between now and 2028: ~1,700 of renewable projects and the 400 MW gas peaker. Additionally, NIPSCO's two vintage gas peaking units (Schahfer 16A/B) will also retire in 2027, with the addition of the previously planned gas peaker at the Schahfer site.

Given the uncertainty around the timing and amount of hyperscaler data center load that may come onto NIPSCO's system, NIPSCO has a preferred plan that lays out two sets of new resource additions: The first set of resource additions will be added to the portfolio regardless of the size and timing of new hyperscaler data load on the system, and the second set of resource additions will only be added after hyperscaler data center load is contracted.

The first set of resource additions include short-term purchase power agreements (PPA) in the near term through 2029, along with significant amounts of new storage resources primarily over the next five years to provide needed accredited capacity under MISO's new D-LOL market design rule. To ensure compliance with MISO's D-LOL capacity accreditation rule that was approved by FERC in October 2024, NIPSCO will plan to add between 900 and 1,150 MW of new storage capacity and 350 MW of short-term thermal PPAs by 2028-2029. This will ensure we meet the peak load capacity requirements needed as the capacity accreditation of our existing and planned renewable assets decline under the D-LOL rule. NIPSCO will continue to track accreditation trends as the rule is implemented and adjust its storage procurement plan accordingly.



NIPSCO's plan also calls for 440 MW of combined Demand-Side Management resources to be implemented beginning in 2027 (both energy efficiency and demand response resources). In the mid-term and long-term, the preferred plan then includes additional storage resources and new wind resources to provide needed energy in the latter part of the IRP horizon. To continue progress towards NIPSCO's goal to achieve Net Zero for Scope 1 and Scope 2 CO2 emissions by 2040, the plan also projects a retrofit for Sugar Creek Generation Station to be powered by hydrogen after 2035.

The second set of resource additions will be contingent on contracting hyperscaler data center load. These include new combined cycle gas turbine (CCGT) resources that match the load needs of hyperscaler customers. These resources may be sourced from PPAs, build transfer agreements (BTAs), self-build projects, or some combination of those types. The preferred plan also includes flexible plans for additional capacity to be met by natural gas peaking resources if needed in preparation for the EPA's GHG rule, which will limit CCGT capacity factors to 40% in 2032 and beyond. Over the longer term, additional solar and wind capacity may be added if environmental policy continues to restrict gas-fired generation output and provide the needed tax credits for renewables to be economic. All new combined cycle gas resources will then plan for decarbonization retrofits in the latter half of the IRP to continue our pathway to Net Zero by 2040. The plan allows for flexibility in determining how these assets are decarbonized, and NIPSCO will continue to evaluate the most cost-effective methodology for decarbonizing the new facilities as technologies mature and costs change. Additional storage capacity may be added as further technology, policy, and reliability diligence is performed.

NIPSCO's 2024 IRP outlines refinements to the timeline of our future generation plans, and it enables flexibility to adapt to evolving technologies, policies, and market rules while providing additional time for research and further refinement to our long-term energy strategy. NIPSCO will continue to update its future energy strategy in the next IRP. More information about NIPSCO's electric supply strategies and the IRP process can be found at **NIPSCO.com/IRP**.

ACTION PLANS

NEAR-TERM ACTIONS (2025-2029)	

ACTION OVERVIEW	• Complete and place previously planned resource additions:
	  • 1,700 MW renewables
	  • 400 MW gas peaker
	• Complete retirement and shutdown of remaining Schahfer coal units (17, 18) by 2025 and Schahfer gas units (16A, 16B) by 2027
	• Complete retirement of Michigan City Unit 12 by 2028
	• Implement two sets of new resource resources additions:
	  • To meet the existing portfolio capacity needs by 2029 with short-term thermal contracts and battery storage
	  • To meet hyperscaler data center load with new gas CCGT and peaking resources
	• Implement new demand-side management programs in 2027 for energy efficiency and demand response
	• Actively monitor changing federal/state policy, MISO market rules, and technology advancements
	• Optimize exact quantities and resource types of portfolio additions

RETIREMENTS	• Schahfer Units 17, 18 (by 2025) • Schahfer Units 16A/B (by 2027) • Michigan City Unit 12 (by 2028)

NEW RESOURCE ADDITIONS – ABOVE IURC APPROVED PROJECTS	1. Resources planned for legacy portfolio load and any new hyperscaler data load:
	  • Storage (900+MW)*
	  • Thermal Contracts (150-350 MW)*
	  • DSM Resources (Energy Efficiency + Demand Response) (440 MW)*
	  • NIPSCO-owned DER (up to 20MW)*
	2. Resources planned only if new hyperscaler data center load is contracted (IRP assumes 2,600 MW of new load in total, with 600 MW of that total by 2028, and 1,600 by 2030):
	  • Gas CCGT (1,285 MW)
	  • Gas Peaking (420 MW)

MID-TERM ACTIONS (2030-2034)	

ACTION OVERVIEW	• Continue with two sets of new resource resources additions:
	  • To meet the existing portfolio energy and capacity needs with any additional wind and storage resources
	  • To meet hyperscaler data center load with new gas CCGT and peaking resources, supplemented with solar and wind resources if energy needs arise
	• Reevaluate decarbonization options including CCUS, H2, and other emerging technologies for best fit to decarbonize Sugar Creek and any additional gas resources brought online for hyperscaler data center load
	• Actively monitor changing federal/state policy, MISO market rules, and technology advancements
	• Optimize exact quantities and resource types of portfolio additions

RETIREMENTS	N/A

NEW RESOURCE ADDITIONS – ABOVE IURC APPROVED PROJECTS	1. Resources planned for legacy portfolio load and any new hyperscaler data load:
	  • Storage (125 MW)*
	  • Wind (150-650 MW)*
	2. 2Resources planned only if new hyperscaler data center load is contracted (IRP assumes 2,600 MW of new load in total by 2035):
	  • Gas CCGT (1,950 MW)
	  • Gas Peaking (200 MW)

* These resources are required for the portfolio even when evaluated wi hout new data center load

ACTION PLANS

LONG-TERM ACTIONS (2035-2043)	

ACTION OVERVIEW	• Continue with two sets of new resource resources additions:
	  • To meet the existing portfolio energy and capacity needs with any additional wind and storage resources
	  • To meet hyperscaler data center load energy needs add additional solar capacity
	• Implement most cost-effective decarbonization retrofits to all gas CCGT units
	• Determine additional steps to achieve net zero
	• Optimize exact quantities and resource types of portfolio additions

RETIREMENTS	N/A

NEW RESOURCE ADDITIONS – ABOVE IURC APPROVED PROJECTS	1. Resources planned for legacy portfolio load and any new hyperscaler data load:
	  • Storage (25 MW)*
	  • Wind (200-900 MW)*
	  • Hydrogen retrofit at Sugar Creek Generating Station*
	2. Resources planned only if new hyperscaler data center load is contracted (IRP assumes 2,600 MW of new load in total):
	  • Solar (525 MW)
	  • Carbon capture retrofits on any new CCGT units

TIMING	NEAR TERM ACTIONS (2025-2029)	MID-TERM ACTION (2030-2034)	LONG TERM ACTIONS (BEYOND 2035)
RETIREMENTS	• Schahfer Units 17,18 (by 2025) • Schahfer Units 16A,16B (by 2027) • Michigan City Unit 12 (by 2028)	• N/A	• N/A
PREFERRED PLAN – CAPACITY ADDITIONS	• Storage (900+MW)* • Thermal Contracts (150-350MW)* • DSM Resources (Up to 440MW over 20 Year Period)* 2600MW DATA CENTER LOAD • Gas CCGT (1,285MW) • Gas Peaking (420MW)	• Storage (125MW)* • Wind (150-650MW)* 2600MW DATA CENTER LOAD • Solar (750MW) • Gas CCGT (1,950MW) • Gas Peaking (200MW)	• Storage (25MW)* • Wind (250-900MW)* • Sugar Creek Retrofit – Hydrogen* 2600MW DATA CENTER LOAD • Solar (525MW) • CCGT Retrofits - CCUS

OTHER ACTIVITIES	• Monitor changing regulatory policy (MISO, EPA, local) and technology advancements
	• Previously planned additions:
	  • 1,700MW Renewables
	  • 400MW Gas Peaker
		• Reevaluate decarbonization options including CCUS, H2 and other emerging technologies for best fit
		• Add additional renewables as needed to support higher energy needs
			• Implement most cost-effectives retrofits
			• Determine final steps to achieve Net Zero

STORAGE INVESTMENT	CCGT/GAS PEAKING INVESTMENT	MONITOR/RESPOND TO CHANGES	EXECUTE PREVIOUSLY PLANNED ACTIVITIES
~900MW of storage dependent on file MISO capacity accreditation	CCGT additions to support data center load and gas peaking investment as needed for additional capacity	MISO rules; EPA rules; Long-duration energy storage; Hydrogen; Carbon capture; Nuclear	Schahfer & Michigan City retirements; Renewable Projects ~1,700MW, ~400MW Gas Peaker

* These resources are required for the portfolio even when evaluated wi hout new data center load

Northern Indiana Public Service Company LLC

2024
Integrated Resource Plan

December 9, 2024

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ACRONYMS AND ABBREVIATIONS

A

AC	Air Conditioning
ACS	American Community Survey 2022
AEO	Annual Energy Outlook (from EIA)
AER	Aggressive Environmental Regulation scenario
AGP	Advanced Gas Path
AI	Accelerated Innovation scenario
ASHP	Air Source Heat Pumps
AMI	Advanced Metering Infrastructure
ATC	Around-the-Clock

B

BECCS	Biomass Energy Carbon Capture and Storage
BEV	Battery Electric Vehicles
BIL	Bipartisan Infrastructure Law
BTAs	Build transfer agreements
BTM	Behind-the-meter
BMV	Bureau of Motor Vehicles
BWR	Boiling Water Reactors

C

C&I	Commercial and Industrial
CAES	Compressed air energy storage
CAGR	Compound Annual Growth Rate
CapEx	Capital Expenditures
CAP	Community Advisory Panel
CAPP	Central Appalachia
CATF	Clean Air Task Force
CC	Combined Cycle
CCGT	Combined Cycle Gas Turbine
CCR	Coal Combustion Residuals – EPA issued rules June 2010
CCS	Carbon Capture and Storage
CCUS	Carbon Capture, Utilization, and Sequestration
CDD	Cooling Degree Days
CES	Chemical energy storage
CF	Capacity Factor
CO	Carbon Monixide
CO2	Carbon Dioxide
CO/UT	Colorado/Utah Basin

Company	Northern Indiana Public Service Company LLC
CPCN	Certificate of Public Convenience and Necessity
CRA	Charles River Associates (IRP Consultant)
CT	Combustion Turbine
CWA	Clean Water Act

D

DA	Distribution Automation
DER	Distributed Energy Resource
DG	Distributed Generation
DG Statute	Indiana Code Ch. 8-1-40
D-LOL	Direct Loss of Load
DOE	U.S. Department of Energy
DOT	U.S. Department of Transportation
DR	Demand Response
DRR1	Demand Resource Type 1
DRS	Domestic Resiliency Scenario
DSM	Demand-Side Management
DSM Statute	Ind. Code § 8-1-8.5-10

E

EDG	Excess Distributed Generation
EDR	Emergency Demand Response
EE	Energy Efficiency
EES	Electrochemical energy storage
EGU	Electric Generating Unit
EIA	Energy Information Administration of the U.S. Department of Energy
ELCC	Effective Load Carrying Capability
ELG	National Effluent Limitation Guidelines
EM&V	Evaluation, Measurement and Verification
EOR	Enhanced Oil Recovery
EPA	U.S. Environmental Protection Agency
ESOP	Energy Storage Operations
ESR	Electric Storage Resources
EUE	Expected Unserved Energy
EV	Electric Vehicles

F

FERC	Federal Energy Regulatory Commission
FGD	Flue Gas Desulfurization

FOB	Free Over Board

G

GDS	GDS Associates, Inc.
GDS Team	GDS and Demand Side Analytics
GHG	Green House Gas
GHG Rules	GHG Standards and Guidelines
GPCM	Gas Pipeline Competition Model
GPR	Green Power Rider
GW	Gigawatt
GWh	Gigawatt-hour

H

H2	Hydrogen
HALEU	High-Assay, Low-Enriched Uranium
HDD	Heating Degree Days
HDV	Heavy-Duty Vehicle
Hg	Mercury
HPMS	Highway Performance Monitoring System
HRSG	Heat Recovery Steam Generator
HSPF	Heating Seasonal Performance Factor
HTGCR	High-Temperature Gas-Cooled Reactor
HVAC	Heating, Ventilation, and Air Conditioning

I

ICAP	Installed Capacity
ICE	Internal Combustion Engine
IDEM	Indiana Department of Environmental Management
IEDC	Indiana Economic Development Corporation
IEA	International Energy Agency
IEEE	Institute of Electrical and Electronics Engineers
IFSA	Indiana Solar For All coalition
IGCC	Integrated Gas Combined Cycle
ILB	Illinois Basin
IMEP	Interregional Market Efficiency Project
INDOT	Indiana Department of Transportation
IRA	Inflation Reduction Act
IRP	Integrated Resource Planning
IRP Rule	170 IAC 4-7 Guidelines for Electric Utility Integrated Resource Plans
ISO	Independent System Operator

ISP	Investment Tax Credit
ITC	Integrated System Planning
IURC/Commission	Indiana Utility Regulatory Commission

J

JA	Junior Achievement
JOA	Joint Operating Agreement

K

kWh	Kilowatt hour

L

LAES	Liquid Air Energy Storage
LDES	Long-Duration Energy Storage
LDV	Light-Duty Passenger Vehicle
LED	Light Emitting Diode
LEU	Low-Enriched Uranium
LHS	Latent Heat Storage
LLF	Line Loss Factors
LMR	Load Modifying Resource
LNB	Low NO_x Burner
LNG	Liquefied Natural Gas
LOLE	Loss of Load Expectation
LRZ 6	MISO Load Resource Zone 6

M

MAP	Maximum Achievable Potential
MDV	Medium-Duty Vehicle
MES	Mechanical Energy Storage
Michigan City	Michigan City Generating Station
Michigan City 12	Michigan City Unit 12
MISO	Midcontinent Independent System Operator, Inc.
MMBtu	Metric Million British Thermal Unit
MPS	Market Potential Study
MTEP	MISO Transmission Expansion Planning
MT	Million Tons
MTEP	MISO Transmission Expansion Plan
MTPA	Million Tons Per Annum
MW	Megawatt

MWh	Megawatt-hour

N

NAPP	Northern Appalachian
NDC	Net Demonstrated Capacity
NERC	North American Electric Reliability Corporation (formerly Council)
NETL	National Energy Technology Laboratory
NEVI	National Electric Vehicle Infrastructure
NG	Natural Gas
NGF	CRA's Natural Gas Fundamentals Market Model
NIPSCO	Northern Indiana Public Service Company LLC
NO_x	Nitrogen Oxides
NPDES	National Pollutant Discharge Elimination System
NPP	Nuclear Power Plant
NPV	Net Present Value
NRC	Nuclear Regulatory Commission
NSRDB	National Solar Radiation Database
NREL	National Renewable Energy Laboratory
NTD	National Transportation Database
NTG	Net To Gross
NYMEX	New York Mercantile Exchange

O

O&M	Operations and Maintenance
OFA	Over-Fire Air
OSB	Energy Efficiency Oversight Board
OUCC	Indiana Office of Utility Consumer Counselor

P

PEC	Polyethylene Carbonates
PenDER	CRA's DER Penetration Model
PEV	Plug-In Electric Vehicle
PGC	Potential Gas Committee
PHEV	Plug-In Hybrid Electric Vehicle
PHS	Pumped Hydro Storage
PJM	PJM LLC (Regional Transmission Organization)
PPA	Purchase Power Agreement
PPC	Polypropylene Carbonate
PRB	Powder River Basin
PRMR	MISO's Planning Reserve Margin Requirement

PTC	Production Tax Credit
PV	Photovoltaic
OWR	Pressurized Water Reactor

R

RAP	Realistic Achievable Potential
RBDC	Reliability Based Demand Curve
RCRA	Resource Conservation and Recovery Act
RCx	Retro-Commissioning
REC	Renewable Energy Credit
REF	Reference Case Scenario
RFP/2024 RFP	Request for Proposals/2024RFP Events
RIIA	Renewable Integration Impact Assessment
RIM	Rate Payer Impact Measure
RNG	Renewable natural gas
RPPA	Renewable Purchase Power Agreement
RTE	Round-trip efficiencies
RTO	Regional Transmission Organization (Independent System Operator)

S

SAIFI	System Average Interruption Frequency Index (Reliability-SAIDI and CAIDI)
SAM	System Advisor Model
SCADA	Supervisory Control and Data Acquisition
Schahfer	R.M. Schahfer Generating Station
SEER	Seasonal Energy Efficiency Ratio
SHS	Sensible Heat Storage
SMR	Small Modular Reactors
SNCR	Selective Non-Catalytic Reduction
SOC	State of Charge
SO2	Sulfur Dioxide
ST	Slower Transition scenario
STEM	Science, Technology, Engineering, and Math
Sugar Creek	Sugar Creek Generating Station

T

T&D	Transmission and Distribution
Tcf	Trillion cubic feet
TDSIC	Transmission, Distribution, and Storage System Improvement Charge
TES	Thermal Energy Storage
THS	Thermochemical Heat Storage

TRC	TRC Companies, Inc.
TRL	Technology Readiness Level
TRM	Technical Resource Manual
TW	Terawatt
TWh	Terawatt-hours

U

UCAP	Unforced Capacity (the amount of Installed Capacity actually available)
UCCI	Upstream Cost of Capital Index
UCT	Utility Cost Test

V

VOM	Variable Operations and Maintenance Costs

W

WACC	Weighted Average Cost of Capital

Z

ZRCs	Zonal Resource Credits

Section 1. Integrated Resource Plan Summary

1.1 Short-Term Action Plan

NIPSCO has developed a short-term action plan in this 2024 IRP that ensures NIPSCO can confidently provide a portfolio that best balances cost to customers while complying with significant regulatory changes from MISO in 2024. The short-term action plan ensures NIPSCO can maintain reliability, diversity, and flexibility regardless of whether or not new large loads come onto our system from data centers. Therefore, the action plan will cover needed actions and investments regardless of the level of load growth, and separately, other investments that will be contingent on large load growth (particularly from data center customers).

As previously planned, NIPSCO will complete the retirement and shutdown of Schahfer Units 17 and 18 by the end of 2025 and continue activities associated with the implementation of transmission system reliability upgrades. NIPSCO will also continue in its plan to retire Michigan City Unit 12 by 2028. NIPSCO will continue to complete and place in service wind, solar, and solar plus storage replacement resources previously approved by the Commission for the scheduled 2025 retirement of all coal units at Schahfer, and the scheduled 2028 retirement of Michigan City. A total of ~2,100 MW have been approved by the Commission and will be placed in-service between now and 2028: ~1,700 of renewable projects and the 400 MW gas peaker. Additionally, NIPSCO's two vintage gas peaking units (Schahfer 16A/B) will also retire in 2027, with the addition of the previously planned gas peaker at the Schahfer site.

In order to ensure compliance with MISO's D-LOL capacity accreditation rule that was approved by FERC in October 2024, NIPSCO will plan to add between 900 and 1,150 MW of new storage capacity and 350 MW of short-term thermal PPAs by 2028-2029. This will ensure we meet the peak load capacity requirements needed as the capacity accreditation of our existing and planned renewable assets decline under the D-LOL rule. NIPSCO will monitor accreditation metrics under the D-LOL rule and adjust its storage procurement plan as needed over time.

In addition, if new large load data centers are contracted, NIPSCO currently is prepared to meet these capacity and energy needs with an equivalent amount of installed capacity from CCGTs. These resources may be sourced from PPAs, BTAs, self-build projects, or some combination of those types. NIPSCO will also prepare plans for additional gas peaking resources if data center load is contracted, in order to supplement the previously mentioned CCGT resources, should the EPA's GHG rule limit CCGT capacity factors to 40% in 2032 and beyond.

The robust response to the 2024 RFPs (discussed in more detail in Section 4) indicates that there is a diverse set of resources and projects to meet NIPSCO supply needs over the near term, particularly with storage. NIPSCO will select projects/bids through the 2024 RFP's evaluation process, prioritizing cost-effective dispatchable resources that can be implemented before the D-LOL rule goes into effect in 2028, including storage and thermal contracts. NIPSCO will also engage with bidders on emerging technology resources, such as long-duration energy storage and hydrogen technologies, to pursue pilots and inform how such technologies can be deployed by NIPSCO to achieve further decarbonization of the generation portfolio over the long term.

Additionally, NIPSCO will implement NIPSCO-owned DER opportunities over the next five years to support the energy needs of local communities, as well as look to partner with recipients of federal solar grants in implementing their programs in our service territory.

NIPSCO will make the necessary regulatory filings with the Commission and continue to monitor federal and state policy, MISO market trends, and emerging technologies while staying actively engaged with project developers and asset owners to maintain flexibility and optionality. If necessary, NIPSCO may conduct future RFPs to identify additional resources to support large load growth and decarbonization.

Lastly, NIPSCO will continue to invest and modernize its electric infrastructure to maintain the safe and reliable delivery of electricity to its customers.

As described in greater detail in Section 9, the action items included in NIPSCO's short-term action plan include those listed in Table 1-1.

Table 1-1: 2024 IRP Short-Term Action Plan

Complete and place in service the remaining renewable facilities and gas peaker project approved by the IURC but not yet operational
Complete retirement and shutdown remainder of Schahfer coal units (17,18) by the end of 2025
Complete the retirement of Michigan City 12 by the end of 2028
Implement required reliability and transmission upgrades necessitated by retirement of the Michigan City 12 and Schahfer 16A/B
Continue implementation of filed DSM Plan for 2025 through 2026
Select the best storage projects from the 2024 RFP, optimizing existing interconnection rights and federal tax credit opportunities
Procure short-term capacity as needed from the 2024 RFP, the MISO market, or through short-term bilateral capacity transactions
Continue discussions with new data center customers and refine the near- to mid-term load outlook as contracts are signed and expected loads are firmed
Perform additional diligence on the costs, feasible locations, and operational characteristics of new natural gas combined cycle and peaking additions necessary to meet any new data center load
Study potential future decarbonization pathways for gas-fired generation further, particularly CCUS and hydrogen blending
As needed, conduct a subsequent RFP(s) to identify additional resources that may be available with attributes that are consistent with those required to implement the preferred portfolio
Explore potential pilot projects from the RFP associated with emerging technologies, such as long-duration energy storage and hydrogen
File CPCN(s) and other necessary approvals for selected replacement projects
Continue to actively monitor technology and MISO market trends while staying engaged with project developers and asset owners to understand landscape
Perform additional reliability analysis within the NIPSCO system as needed to ensure evolving portfolio meets all reliability needs and requirements
Comply with NERC, EPA, and other regulations
Continue planned investments in infrastructure modernization to maintain the safe and reliable delivery of energy services

1.2 Plan Summary

NIPSCO's preferred portfolio pathway preserves flexibility and our ability to adapt to potential changes in environmental regulations, federal and state energy policy, and other market forces while providing additional time for further research, refinement and confirmation of our long-term energy plans. The plan was developed to ensure that a reliable, compliant, flexible, diverse, and affordable supply will continue to be available to meet future customer needs. NIPSCO carefully planned and considered the impacts to its employees, the environment, and the local economy of the communities NIPSCO serves (property tax, supplier spend, employee base) as the plans were developed.

This preferred plan was developed through substantial quantitative and qualitative analyses that capture the ever-evolving energy landscape to allow NIPSCO to remain flexible in a time of uncertainty. NIPSCO utilized the 2024 RFP solicitations to identify the best combination of supply- and demand-side resources to meet its capacity needs.

The 2024 RFPs provided NIPSCO insight into the most relevant types of resources available to meet customer needs and their prices (*see* Section 4). NIPSCO performed its analysis using robust scenario and risk-based (stochastic) approaches that capture the flexibility and adaptability of the portfolio among changing market rules; environmental policy and regulations/incentives in an uncertain policy future; and system reliability implications of a portfolio with significant intermittent resources. NIPSCO also performed a probabilistic reliability assessment to understand the implications of potential resource additions to the NIPSCO portfolio and incorporated the results into the final scoring to create the optimal plan.

It is important to note that the IRP is a snapshot in time, and while it establishes a direction for NIPSCO, it is subject to change as the energy landscape continues to evolve. NIPSCO will continue to engage its stakeholders and be transparent in its decisions following submission of this 2024 IRP.

NIPSCO's supply strategy for the next 20 years is expected to:

- Phase out 100% of its coal generation by the end of 2028;
- Replace retired generation resources with a diverse, flexible, and scalable mix of planned resources, including short-term capacity contracts, large energy storage additions, and incremental long-term wind resources;
- Plan for new natural gas-fired generation, both CCGT and gas peaking resources, supplemented by solar and wind resources if new hyperscaler data centers are contracted;
- Seek to advance NIPSCO's knowledge and understanding of carbon capture and sequestration, hydrogen, and other emerging storage technologies identified as potential pathways toward further decarbonization of the generation portfolio in the long term;

- Remain on a pathway to achieve NiSource's Net Zero Goal for Scope 1 and Scope 2 greenhouse gas emissions by 2040; and

- Continue the Company's commitment to energy efficiency and demand response by executing DSM plans.

1.3 Emerging Issues

NIPSCO's preferred plan follows a supply strategy focused on compliance and reliability, with a mix of storage and new gas resources to support large load growth, as well as incremental renewable resources and market purchases in the mid-term. This provides the mobalanced plan that mitigates risk associated with changing capacity rules, policy, and technology uncertainty.

1.3.1 Market Rules Uncertainty

At the outset of its 2024 IRP process, NIPSCO identified several regulatory developments at the MISO level that could impact portfolio capacity accreditation. In 2023, MISO implemented a four-season capacity construct with obligations and resource accreditations varying by the four seasons across the MISO Planning Year. Previously capacity credit had focused on the summer peak. In 2025, MISO plans to implement a "downward sloping" reliability-based demand curve to value capacity across a range of reserve margin levels. And, during our IRP process, MISO filed for another capacity credit change for the 2028 planning year, the D-LOL market design which drives toward marginal capacity accreditation, with obligations and resource accreditations focused on performance during tight margin hours. This D-LOL market design was then approved by FERC in October 2024. This D-LOL market design is expected to have the following characteristics and impacts:

- Strong incentive to perform during hours when net load and outages are high;

- Resource accreditation based on LOLE assumptions based on historical class-level and unit-specific data;

- Capacity accreditations are expected to change, with MISO's indicative forward modeling currently projecting that:

    - The capacity credit of wind and solar resources will be significantly reduced across all four seasons;

    - The capacity credit of lithium ion battery storage will be reduced primarily in winter;

    - There will likely be a reduction in natural gas resource accreditation across all four seasons.

- Seasonal planning reserve margins are expected to decline, but NIPSCO's resource obligation during the summer is expected to grow by as much as ~500 MW due to

the reduction in capacity credit given to its current and planned renewable resources.

1.3.2 Policy Uncertainty

During the development of NIPSCO's 2024 IRP, the EPA finalized its Greenhouse Gas Rule in April 2024. This led to a preferred portfolio focused on compliance with the rule, and as a result included additional projected gas peaking and renewable resources to prepare for the rule's impacts in 2032 (additional information on all environmental issues can be found in Section 7). After the preferred plan was announced, the federal election results indicated a change to Republican control of the presidency and both houses of Congress. Given the policy leanings of the new administration and Congress, this may lead to further uncertainty for implementation of the EPA GHG rule, along with uncertainty in various provisions of the Inflation Reduction Act:

- The magnitude and eligibility period of the PTC and ITC for clean energy resources
- The potential development of the hydrogen economy, incentivized by the IRA's regional Hydrogen Hubs grants
- The enhancements to the 45Q tax credit which incentivized the use of CCUS

1.3.3 Technology Uncertainty

As the power sector continues to navigate a period of significant change, NIPSCO expects that technology evolution will be rapid, requiring regular review of the supply-side resource marketplace and flexibility in the preferred portfolio. Going forward, NIPSCO expects power sector technology evolution to continue to impact both short-term procurement activities and long-term resource decisions. In particular, NIPSCO will continue to monitor the following:

- Stand-alone storage resource costs, efficiencies, and operational parameters, such as cycle limits, depth of discharge specifications, and ongoing expenses;
- Long-duration storage technologies, including redox flow, metal air, compressed air, and other mechanical storage and their associated costs, efficiencies, and other value drivers;
- Hydrogen production developments and the costs and capabilities of turbines and other thermal resources to burn hydrogen or blend hydrogen with natural gas;
- CCUS costs and sequestration opportunities, particularly associated any new CCGT generation built for load growth;
- Other technologies that may emerge over the long term, including small modular reactors and other nuclear technology; and

- Grid-forming inverter technology that could provide reliability benefits, such as blackstart, fast frequency response, and inertial response, to NIPSCO's system as it becomes more inverter-based.

Section 2. Planning for the Future

2.1 IRP Public Advisory Process

NIPSCO's 2024 IRP stakeholder process focused on continuing to increase transparency around its planning process and enhance public involvement through extensive stakeholder interactions. At each stakeholder meeting, NIPSCO provided information on the processes and assumptions involved in the development of the IRP and solicited relevant input for consideration. In addition, for the 2024 IRP, NIPSCO acquired Aurora model licenses for interested stakeholders and provided three separate model data releases to stakeholders as it performed and completed modeling analysis. The model releases were delivered after Stakeholder Meetings 3, 4, and 5, and included Aurora project and database files and accompanying data inputs and notes in Excel format. Furthermore, to facilitate stakeholder outreach and ongoing communications, NIPSCO maintained a web page on its website with current information about the IRP. NIPSCO posted all meeting agendas, presentations, meeting notes, and other relevant documents to the web page.

As part of the IRP process, NIPSCO conducted a RFP solicitation to identify the most viable resources currently available in the market to best meet customer needs. NIPSCO sought input from stakeholders regarding the approach and design of the All-Source RFP to ensure a robust and transparent process that yielded the desired results.

NIPSCO hosted five public advisory meetings with in-person and virtual attendance options as part of the 2024 IRP. For all meetings, NIPSCO posted an open invitation on its website for any party wishing to register. In addition to the public advisory meetings, NIPSCO participated in a number of additional technical workshop sessions with smaller groups of stakeholders to address specific concerns and issues that were raised as a result of information presented and discussed at the public advisory meetings. NIPSCO also corresponded with individual stakeholders on a variety of issues throughout the process. In the section that follows, NIPSCO provides an overview of its stakeholder process. A more comprehensive accounting of stakeholder meetings, presentations, and meeting notes is included in Appendix A.

2.1.1 Stakeholder Meeting 1

NIPSCO's first stakeholder meeting was held at Fair Oaks Farm located in Fair Oaks, Indiana[1] (and virtually) on April 23, 2024. In this first meeting, NIPSCO set the stage for the 2024 IRP and outlined the fundamental pillars of NIPSCO's long-term resource planning strategy and how they align with the Five Pillars of long-term planning established by the Indiana 21st Century Energy Task Force. NIPSCO then provided an update on recent state, ISO, and federal policy developments, including capacity accreditation reforms at MISO and power sector GHG rules from the EPA. An update on the progress of the 2021 Short-Term Action Plan and the ongoing generation transition plan was also discussed.

[1] The in-person portion of all five stakeholder meetings was hosted at Fair Oaks Farm in Fair Oaks, IN.

Process improvements from the 2021 IRP were then discussed in detail, including improvements associated with the load forecast, demand-side management analysis, portfolio evaluation, and stakeholder collaboration. NIPSCO then provided an overview of its overall resource planning process, introduced its 2024 IRP scenarios, discussed its evolving stochastic analysis approach, and introduced its 2024 IRP scorecard. NIPSCO then provided an overview of its load forecast, including detailed projections for customer-owned distributed energy resource and electric vehicle growth.

NIPSCO then introduced its 2024 RFP, outlining the process, structure of RFP events, preliminary evaluation criteria, and timeline. Finally, NIPSCO concluded with the stakeholder advisory meeting road map for the remainder of the year. The meeting presentation (including the agenda), notes (including questions/responses), and registered participants for Meeting 1 are included in Appendix A.

2.1.2 Stakeholder Meeting 2

NIPSCO's second stakeholder meeting was held on June 24, 2024. In this second meeting, NIPSCO provided an overview of the resource planning process and provided an update on NIPSCO's response to stakeholder feedback received since the first meeting. Based on information that emerged between the first and second stakeholder meetings, NIPSCO then provided an update to its load forecast, with special attention given to significant new load growth now anticipated from large economic development loads, particularly data centers. The update included a new reference case load forecast and a high emerging load sensitivity. NIPSCO then provided an overview of all of its IRP load scenarios associated with uncertainty in economic growth, electric vehicle and distributed energy resource penetration, and long-term electrification. The electric vehicle review included forecasts of charging load on highway corridors. NIPSCO then provided a detailed review of its starting supply-demand position, particularly in light of MISO's D-LOL filing.

NIPSCO then introduced its fundamental market modeling structure and reviewed the Reference Case projections for fuel prices (natural gas and coal), environmental policy drivers, and MISO market dynamics, including MISO price forecasts. Each of the key variable drivers across each of NIPSCO's five planning scenarios was then reviewed. NIPSCO then provided a summary of the major stochastic variable inputs (renewable generator output, NIPSCO load, thermal resource outages, natural gas prices, and power prices) and summarized the stochastic analysis approach to measure reliability and cost risk.

Finally, NIPSCO provided a preliminary summary of the results of its RFP, including the number of proposals received, the types of projects offered, the location of the projects, and initial summaries of average pricing. The meeting presentation (including the agenda), stakeholder presentations, notes (including questions / responses), and registered participants for Meeting 2 are included in Appendix A.

2.1.3 Stakeholder Meeting 3

NIPSCO's third stakeholder meeting was held on August 21, 2024. In this third meeting, NIPSCO provided a recap of its revised Reference Case load forecast and its starting supply-demand balance. NIPSCO then shared an in-depth overview of DSM modeling, methodology, and how these resources are considered in the IRP. This included an overview of the market potential for energy efficiency, the various energy efficiency bundles, and the range of demand response program options to be evaluated in the 2024 IRP.

NIPSCO then reviewed the full set of resource options available for portfolio selection, including the details of the DSM bundles, detailed RFP tranche data, and the cost and operational assumptions for other generic new resource options, including eligible tax credits. NIPSCO closed the session with an overview of the portfolio construction framework and plan for full portfolio optimization and evaluation. The presentation (including the agenda), notes (including questions / responses), and registered participants for Meeting 3 are included in Appendix A.

2.1.4 Stakeholder Meeting 4

NIPSCO's fourth stakeholder meeting was held on October 8, 2024. In this fourth meeting, NIPSCO reviewed the overall IRP process and summarized responses to feedback and questions provided since the third stakeholder meeting. NIPSCO then reviewed its available new resource options and presented an overview of the portfolio construction framework, which developed six portfolio themes based on different constraints associated with MISO capacity accreditation rules and the emissions intensity of its portfolio.

NIPSCO then reviewed the results of its portfolio optimization analysis for each of the six portfolio themes. This included a review of the annual and total resource additions by type, seasonal supply-demand balances for all four MISO planning seasons, and projected energy positions. NIPSCO also presented the energy efficiency and demand response selections for all six portfolio themes and introduced two additional portfolio variants that contemplated retrofitting combined cycle capacity with carbon capture, utilization, and storage capability or the ability to blend hydrogen fuel. NIPSCO closed the presentation with a summary comparison of all eight portfolios and offered an overview of the remaining analysis components to be presented at the final stakeholder meeting. The presentation (including the agenda), notes (including questions / responses), and registered participants for Meeting 4 are included in Appendix A.

2.1.5 Stakeholder Meeting 5

NIPSCO's fifth stakeholder meeting was held on October 28, 2024. In this fifth meeting, NIPSCO reviewed the overall IRP process and summarized responses to feedback and questions provided since the fourth stakeholder meeting. NIPSCO then reviewed the composition of the eight portfolio concepts that were presented in Stakeholder Meeting 4 and, in direct response to feedback from stakeholders, introduced two new portfolios based on a flat load forecast (without data center growth) in response to stakeholder feedback.

NIPSCO then provided the details of its full portfolio analysis for all portfolios across all of its planning scenarios. This included a review of the net present value of revenue requirements for each portfolio and observations on the key relationships between portfolio concepts and across the range of market conditions embedded in the five IRP scenarios. NIPSCO then provided a summary of its stochastic analysis, summarizing key findings for the portfolios associated with forced market exposure risk and cost risk. Next, NIPSCO summarized sensitivity analysis that was performed for a high emerging load sensitivity and an alternate DSM sensitivity. Within the high emerging load sensitivity, NIPSCO summarized expected resource additions over time under very high load growth conditions, while the DSM sensitivity evaluated the implications on portfolio composition and costs of implementing more aggressive DSM programs.

NIPSCO then presented its proposed scorecard, which included metrics associated with affordability, rate stability, environmental sustainability, reliability, and positive social and economic impacts. NIPSCO then reviewed its preferred resource plan and preliminary action plan and responded to stakeholder questions and feedback. The meeting presentation (including the agenda), notes (including questions / responses), and registered participants for Meeting 5 are included in Appendix A.

NIPSCO's 2024 IRP is the result of analysis performed by NIPSCO that includes consideration of stakeholder input. NIPSCO has made a good-faith effort to be open and transparent regarding input assumptions and modeling results. NIPSCO appreciates the participation of its stakeholders, including the Commission staff, the OUCC, NIPSCO's largest industrial customers, and community action groups, all of which participated extensively throughout the IRP development process. NIPSCO's stakeholders and Commission staff provided valuable feedback throughout the process, which has been considered and incorporated as applicable. The written feedback NIPSCO received, as well as the Company's responses, is included in Appendix A. Despite best efforts to address and resolve all input from stakeholders, there were instances wherein NIPSCO still incorporated, for example, methodologies that were not supported by all stakeholders.

2.2 Other Stakeholder Input Since NIPSCO's Last IRP

2.2.1 IURC Contemporary Issues

NIPSCO participated in the Commission's IRP Contemporary Issues Technical Conferences that occurred since NIPSCO completed its last IRP and incorporated learnings and key topical areas in its 2024 IRP activities. Meeting dates and topics discussed are summarized in Table 2-1.

Table 2-1: IURC Contemporary Issues Meeting Dates and Topics

Date	Topics
September 22, 2022	• MISO seasonal resource adequacy construct • Resource adequacy in PJM • Interaction between energy efficiency and demand response
October 20, 2023	• ISP • Building on TDSIC to support ISP
June 6, 2024	• Resource adequacy • Capacity accreditation and reforms • Load forecast development and use in PJM and MISO

2.2.2 2021 IRP Feedback and 2024 Process Improvement Efforts

NIPSCO strives to continuously improve all aspects of its resource planning process, and, for the 2024 IRP, NIPSCO reviewed the major feedback it received throughout the 2021 IRP process and implemented key improvements. The process improvements in the 2024 IRP were designed to enhance the robustness of the load forecast, perform a more detailed demand response assessment, improve upon NIPSCO's portfolio modeling approach, and improve stakeholder collaboration with earlier sharing of modeling files and analysis inputs and outputs. Table 2-2 summarizes the major areas of feedback received on NIPSCO's 2021 IRP and the improvements that were included in the 2024 IRP process.

Table 2-2: 2024 IRP Process Improvements

Category	2021 IRP Feedback	2024 Improvement Plan
1 Load Forecast	• More detail on Electric Vehicle (EV) forecast; for example, penetration has not been able to separate non-NIPSCO-serviced light-duty vehicles (LDVs) from total counts in counties served by more than one utility • Clearer analytic methods regarding forecasting demand from large industrial customers	• More rigorous EV modeling with focus on vehicle counts within service territory and by class and separate truck corridor analysis • Additional econometric analysis of industrial loads, as well as review of potential additional emerging industrial load types (i.e., data centers)
2 Demand-Side Resources	• Interaction between energy efficiency (EE) and demand response (DR) resources require further consideration; more attention to meter-based pay-for-performance program designs	• Additional DSM evaluation, including integration with AMI and EV charging management • Continued assessment of distributed energy resources (DERs)
3 Portfolio Analysis	• Positive feedback on reliability assessment: • "Based on this initial effort, [NIPSCO] is well positioned to provide future analytical improvements" • Other stakeholders remain interested in various alternative technologies (RICE, storage, grid-forming inverter-based technology SMR)	• Advance continuous improvement around reliability analysis and quantification of risk • Ensure full evaluation of a wide range of new technologies either via the RFP or other means (CCS at Sugar Creek, hydrogen, SMR, LDES)
4 Stakeholder Collaboration	• Joint Commenters requested increased collaboration in the IRP process and the RFP process • "…comments emphasized the need for continued collaboration and improvement between stakeholders and NIPSCO for the next IRP filing"	• Facilitate the procurement of Aurora Energy Forecast Software licenses to interested stakeholders to enable visibility into certain modeling files • Provide opportunity for feedback on upcoming RFP for interested stakeholders under a Non-Disclosure Agreement

2.2.3 Equitable Transition

As the resource mix and generation technologies in the industry continue to transition, the topic of equity or "just transition" to ensure all customers and communities are included has surfaced as an important issue to address. NIPSCO's vision of an equitable transition is one that improves universal access to energy to customers and communities, ensures inclusion of all stakeholders in strategy/decision-making, and ensures a fair division of costs and benefits.

NIPSCO recognizes the importance of equity and a "just transition" for NIPSCO's customers and communities as the generation portfolio evolves. As part of the 2024 RFP solicitations, NIPSCO incorporated proposal-specific benefit and risk factors outlined in the evaluation criteria, which included, but were not limited to, impacts on local communities that NIPSCO serves, minority- or women-owned business enterprises, and the enterprise's supplier diversity spending. NIPSCO also issued an RFP event for NIPSCO-owned DER opportunities over the next five years to support the energy needs of local communities.

In the 2024 IRP Stakeholder process, the topic of equity considerations was discussed, including a recommendation that NIPSCO consider the addition of an equity metric as part of its scorecard. NIPSCO welcomed this discussion and is always interested in engaging broadly with stakeholders on this important topic. NIPSCO recognizes that measuring equity in the energy transition is a complex process and is taking steps to further expand its knowledge and understanding of different ways and approaches to evaluate this issue. NIPSCO looks forward to engaging in a statewide dialogue with the Commission, other utilities, and interested stakeholders on the topic of equity in future IRP Contemporary Issues Technical Conferences and other forums. Although equity was not adopted as a formal part of NIPSCO's scorecard, NIPSCO will continue to examine future resource decisions within the context of broader issues like equity and, where possible, will seek to develop metrics and measures to better assess the impact of those decisions.

2.3 Overall IRP Approach

NIPSCO's 2021 IRP is in compliance with the Commission's IRP Rule. A matrix showing NIPSCO's compliance with each section of the IRP Rule (providing a reference to the appropriate Section(s) of the IRP) is included in Section 11: Compliance with IRP Rule.

NIPSCO's IRP team included experts from key areas of NIPSCO and its affiliate NiSource Corporate Services Company. In addition, the energy consultants identified in Table 2-3 also provided input.

Table 2-3: 2024 IRP Consultants

Charles River Associates (CRA) 200 Clarendon Street Boston, MA 02116	Provided fundamental long-term scenario forecasts, performed the NIPSCO load forecast, and performed all portfolio modeling and analysis. A separate division of CRA provided assistance in administering the All-Source RFP and evaluating the responses.
ElectroTempo 4201 Wilson Blvd, Suite 700 Arlington, VA 22203	Performed analysis associated with highway corridor heavy-duty vehicle charging.
GDS 1850 Parkway Place, Suite800 Marietta, GA 30067	Developed DSM measures inputs for a long-term DSM forecast.
Demand Side Analytics 691 John Wesley Dobbs Ave NE Suite V3 Atlanta, GA 30312	Provided assistance with analyzing demand response measures and opportunities.

NIPSCO's long-term resource planning process includes five major steps, as summarized in Figure 2-1 and further discussed in separate sub-sections below.

1. The first step in this process is to identify objectives and metrics.

2. Next, NIPSCO develops market perspectives for key variables such as customer demand, environmental policy, and commodity price outlooks. This involves the creation of distinct thematic "states-of-the-world" that represent potential future operating environments for NIPSCO.

3. Then NIPSCO develops integrated resource strategies or portfolios of options.

4. NIPSCO then performs detailed modeling and analysis to evaluate the performance of these various resource portfolios across a range of potential futures as well as a distribution of key stochastic variables.

5. Finally, NIPSCO evaluates tradeoffs and selects a preferred portfolio. NIPSCO's goal is to develop a resource plan that is reliable, compliant with all regulations, diverse, flexible, and affordable for customers with careful consideration of all stakeholder viewpoints.

Figure 2-1: NIPSCO's IRP Process Steps



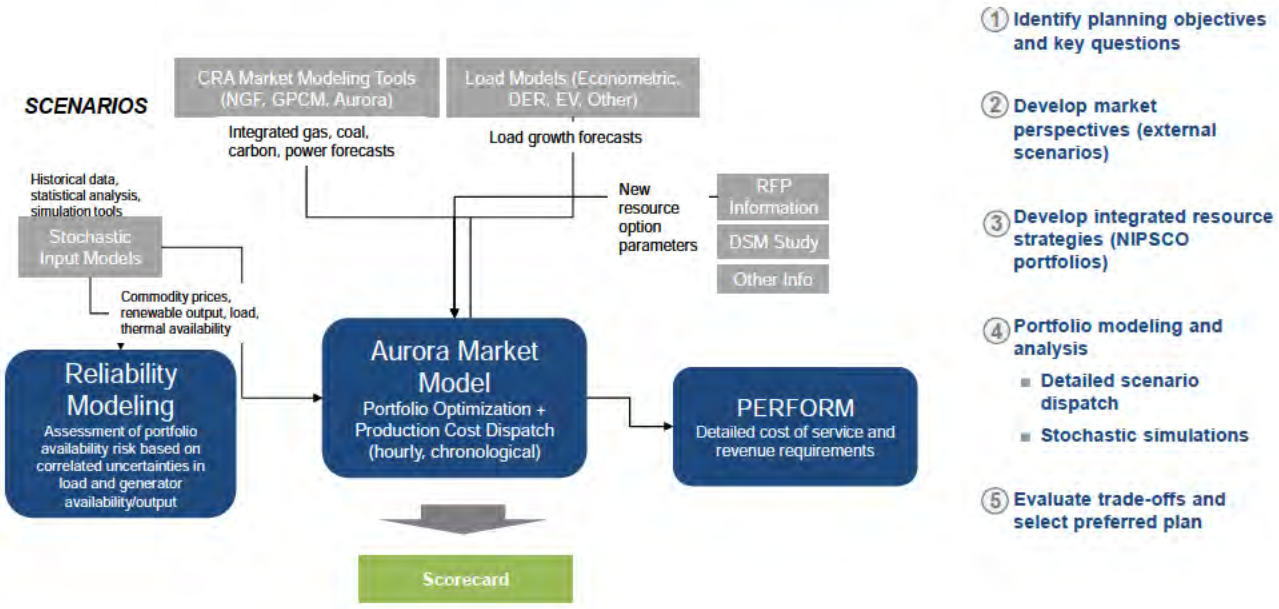
The long-term strategic plan identifies expected energy and demand needs over a 20-year horizon and recommends a potential resource portfolio to meet those needs. The short-term action plan identifies the steps NIPSCO will take over the next three to five years to implement the long-term strategic plan.

NIPSCO recognizes future economic, policy, market design, and technology changes are difficult to accurately predict. While the 2024 IRP addresses a wide range of plausible market conditions and portfolio strategies, new information is evaluated and incorporated as it becomes available as part of NIPSCO's commitment to continuous planning.

Consistent with the principles set out above, the 2024 IRP identifies a preferred portfolio plan for NIPSCO over a 20- to 30-year[2] planning horizon that seeks to deliver reliable, compliant, flexible, diverse, and affordable electric service to its customers. NIPSCO's 2024 IRP was performed according to the detailed planning approach process that is outlined in Figure 2-2 and described in more detail below.

[2] Note that fundamental market modeling and portfolio dispatch is performed over a 20-year period, and NIPSCO performs a 10-year end effects analysis in the financial modeling framework to arrive at 30-year NPVRR estimates. The end effects analysis grows variable costs at the rate of inflation, but specifically accounts for full rate base accounting and incorporates the impacts of contract expirations during the end effects period.

Figure 2-2: Overall Integrated Resource Planning Approach



2.3.1 Step 1: Identify Planning Objectives and Key Questions

The first step in NIPSCO's planning approach was to identify planning objectives and key questions to guide the overall analysis framework. These key questions and objectives influence all other elements of the IRP process, including the structuring of market perspectives, the identification of potential resource strategies, and the definition of objectives and metrics against which to evaluate future portfolios in NIPSCO's integrated scorecard framework. The major themes of the 2024 IRP are described in more detail below.

2.3.1.1 Meeting New Load Growth

As introduced during the second stakeholder advisory meeting, NIPSCO has seen a significant increase in the potential for new large loads, primarily hyperscaler data centers, to enter its service territory. NIPSCO believes that Northern Indiana is a favorable location for data centers to locate because of the low risk for natural disasters; a robust transmission network; available land, strong connectivity and fiber; access to water; proximity to customers, a major metropolitan area, and construction labor; and favorable state policy. As a result of these emerging trends, NIPSCO developed a Reference Case load forecast that assumes two to three potential data center projects come to fruition, driving up to 2,600 MW of new load for the system. In addition, an emerging high load sensitivity was developed to incorporate up to six potential data center projects entering the system at a level of up to 8,600 MW.[3]

[3] Such load additions are not attributable to a specific customer(s) but represent NIPSCO's attempt to reasonable estimate total load additions that may come to fruition under various future states of the world.

NIPSCO's 2024 IRP seeks to evaluate the implications associated with a range of new data center load growth trajectories to assess the type and timing of new resource additions to its existing portfolio. NIPSCO acknowledges that final data center growth trajectories remain uncertain, and thus, NIPSCO will need to be flexible in its resource procurement activities based on the range of outcomes studied in the 2024 IRP.

2.3.1.2 Ensuring Reliability in the Context of Changing Market Rules

Over the last several years, MISO has been actively evaluating emerging reliability issues within its footprint, particularly through its Reliability Imperative framework, which was initiated in 2020,[4] and which has identified the following key initiatives: ensure resources are accurately accredited; identify critical system reliability attributes; and ensure accurate pricing of energy & reserves. One pillar in the Reliability Imperative is "Market Redefinition," and as part of its effort to redesign key elements of the market, MISO has implemented or proposed to implement several key reforms in recent years:

- In 2023, MISO implemented a four-season capacity construct with obligations and resource accreditations varying by the four seasons across the MISO Planning Year.[5]
- By 2025, MISO plans to implement a "downward sloping" reliability-based demand curve to value capacity across a range of reserve margin levels.
- On March 28, 2024, MISO filed its D-LOL market design proposal with the FERC,[6] driving toward marginal capacity accreditation, with obligations and resource accreditations focused on performance during tight margin hours. On October 25, 2024, FERC approved this filing, and NIPSCO expects it to enter into force for the 2028/29 planning year.

The D-LOL methodology, in particular, will have significant impacts for how NIPSCO's resources are accredited. Accreditation for wind, solar, and storage resources will be evaluated based on a combination of forward-looking loss of load analysis performed by MISO and actual three-year historical availability during MISO's risky hours (Tier 1 and Tier 2 resource adequacy hours).

Although future accreditations are highly uncertain, NIPSCO's 2024 IRP has evaluated portfolios under the D-LOL framework in order to assess the potential implications of different accreditation outlooks, including under the current market rules and the best information available to NIPSCO on potential changes under D-LOL. These are summarized in Figure 2-3, Figure 2-4,

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4 See: https://www.misoenergy.org/meet-miso/MISO_Strategy/reliability-imperative/

5 Note that the four-season capacity construct was anticipated in NIPSCO's 2021 IRP, with the preferred portfolio developed under the expected construct.

6 See: https://cdn.misoenergy.org/2024-03-28%20Docket%20No.%20ER24-1638-000632361.pdf

Figure 2-5, and Figure 2-6 for solar, wind, gas peaking, and four-hour storage capacity, respectively.[7] Given ongoing market design uncertainty and evolving accreditation forecasts associated with D-LOL implementation, NIPSCO will need to ensure near-term capacity addition decisions are flexible enough to adapt to changing market rules.

Figure 2-3: Accreditation Expectations under Different Constructs – Solar

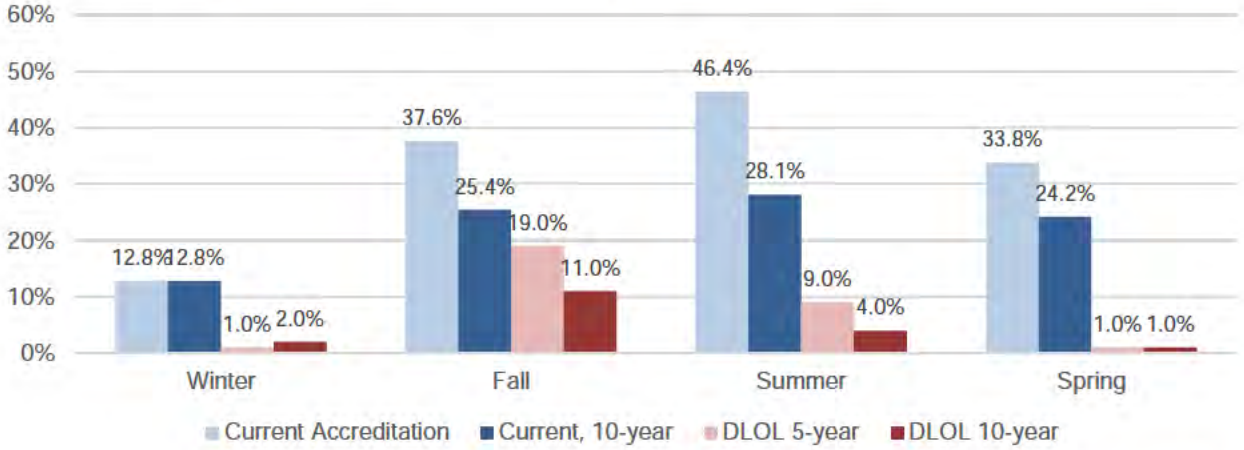
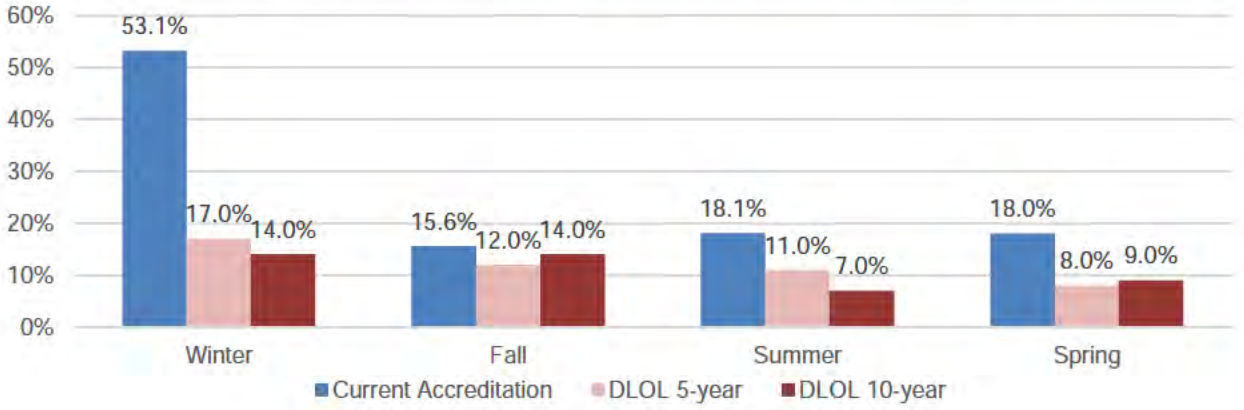


Figure 2-4: Accreditation Expectations under Different Constructs – Wind



[7] D-LOL accreditation expectations adopted from MISO RASC meeting in January 2024: https://cdn.misoenergy.org/20240117%20RASC%20Item%2007a%20Accreditation%20Presentation%20(RASC-2020-4%20and%202019-2631379.pdf

Figure 2-5: Accreditation Expectations under Different Constructs – Gas Peaking

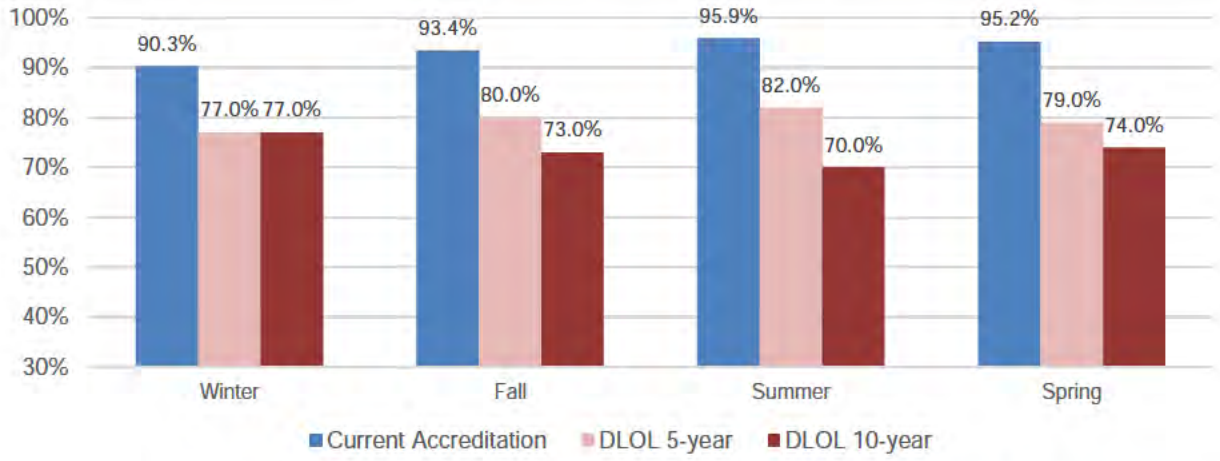
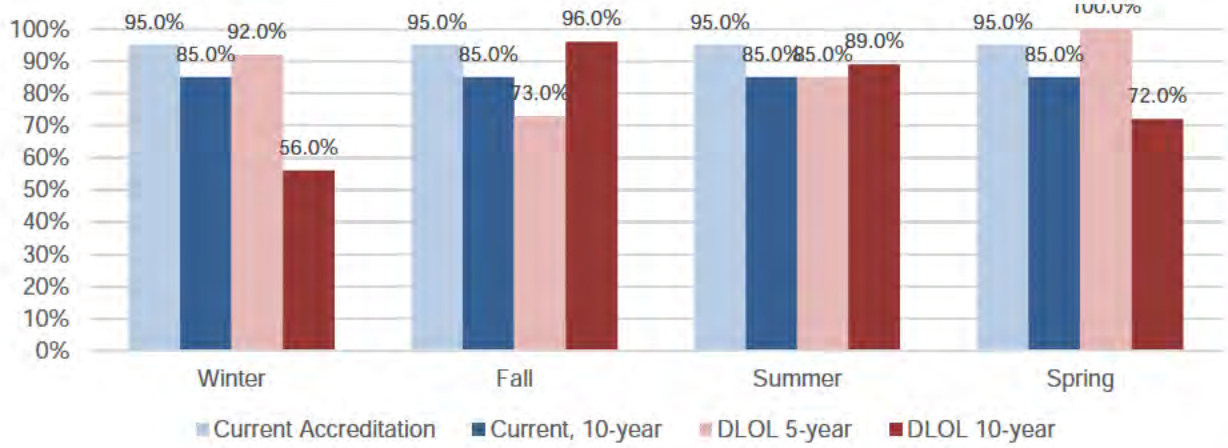


Figure 2-6: Accreditation Expectations under Different Constructs – 4-Hour Storage



2.3.1.3 Navigating Dynamic Environmental Policy Drivers and NIPSCO's Sustainability Objectives

On April 25, 2024, the EPA finalized greenhouse gas emissions rules for the power sector. These rules limit the future operation of coal-fired power plants and govern the emissions and operational profiles of new natural gas-fired units. Most importantly, capacity factor limitations are included for new combined cycle plants. In addition, federal tax credit policy associated with clean energy resources, energy storage, CCUS, and hydrogen may change in the future.

Meanwhile, NIPSCO remains committed to supporting NiSource's Net Zero Goal and will assess the best pathways for achieving it based on developments in federal policy, market rules, and technology advancement. Given legal challenges to the EPA GHG Rules and potential changes to EPA regulations and federal legislation under a new President and Congress, NIPSCO must be

flexible in adapting its portfolio to future policy change. To reflect uncertainty, as part of the 2024 IRP, NIPSCO:

- Evaluated portfolio constructs with and without the GHG Rules in place; and
- Evaluated scenarios with different long-term assumptions associated with the availability of federal production tax credits and investment tax credits.

2.3.1.4 Preserving the Flexibility and Adaptability of the Portfolio

A key element of NIPSCO's 2018 and 2021 IRPs was *flexibility*. The preferred plans from both of these prior IRPs specifically incorporated expectations that NIPSCO would regularly evaluate new resource options, track technology change, and adapt to market rules and policy evolution. And NIPSCO's implementation of its energy transition has done exactly that by; (i) conducting additional sets of RFPs to secure projects as needed; (ii) adjusting NIPSCO's procurement strategy to integrate storage and shift the amount of solar and wind in the portfolio; (iii) adjusting resource retirement dates and online dates in response to external market factors like supply chain constraints and tariff pressures; and (iv) evolving the analytical tools used in IRP studies to incorporate broader risks and considerations.

In the 2024 IRP, NIPSCO identified key market, policy, and regulatory developments early in the planning process to ensure market scenarios and portfolios were constructed to be flexible to a dynamic market. These included:

- Significant demand growth across the power sector as a result of data center loads;
- The documentation of the Five Pillars of long-term planning identified by the Indiana 21st Century Energy Task Force;
- MISO's D-LOL filing associated with capacity accreditation;
- EPA's GHG rules;
- NIPSCO conducted RFP events to solicit actionable resource offers of all types and duration;
- NIPSCO deployed a portfolio construction process that did not rely solely on least cost optimization, but also assessed a wide range of strategies to understand the implications of different capacity accreditation and emissions constraints.

2.3.1.5 Scorecard Definition

With these key planning questions and themes identified, NIPSCO worked to define a series of scorecard objectives and indicators against which to measure portfolio options. The scorecard is a means of reporting key metrics for different portfolio options to transparently review tradeoffs and relative performance. It does not produce a single score or ranking of portfolios, but serves as a tool to facilitate decision-making.

For its 2024 IRP scorecard, NIPSCO identified five major planning objectives and multiple metrics within seven key indicator categories, as summarized in Figure 2-7. The objectives include Affordability; Rate Stability; Environmental Sustainability; Reliable, Flexible, and Resilient Supply; and Positive Social and Economic Impacts. These are similar to those used in the 2021 IRP and track closely and are consistent with the Five Pillars of long-term planning identified by the Indiana 21st Century Energy Task Force.[8]

Figure 2-7: Key Scorecard Objectives and Indicators

Objectives	Indicators
Affordability	Cost to Customer
Rate Stability	Cost Certainty
	Cost Risk
	Lower Cost Opportunity
Environmental Sustainability	Carbon Emissions
Reliable, Flexible, and Resilient Supply	Reliability, Flexibility
Positive Social, & Economic Impacts	Local Investment in Economy

2.3.2 Step 2: Develop Market Perspectives

Prior to performing any portfolio-specific analysis, NIPSCO developed perspectives on key *external* market drivers and other major planning assumptions. This involved the use of several market models and forecasting approaches to arrive at a Reference Case set of inputs and four alternative scenarios against which to evaluate resource options. The elements involved in this step are described in more detail below.

2.3.2.1 Key Market Forecast Inputs

Market and commodity price forecasts are important drivers for NIPSCO's IRP, since they influence the variable costs of operation for many resources, the dispatch of certain power plants, and NIPSCO's interaction with the MISO market. CRA produced commodity price forecasts for major inputs, including natural gas prices, coal prices, environmental policy and emission allowance prices, and power prices (energy and capacity) for the Reference Case and four alternative integrated market scenarios. For certain inputs, CRA relied on support from NIPSCO's subject matter experts for details or assumptions that are specific to NIPSCO's current operating

[8] The Five Pillars include Reliability, Resilience, Affordability, Stability, and Environmental Sustainability IRP.

fleet. For example, for coal pricing, delivered coal contract details and expected coal transportation rates were provided by NIPSCO's Fuel Supply group to conform to near-term price expectations for the existing fleet of plants. Long-term fundamental forecasts were blended in over time. Figure 2-8: presents a summary of the source and reference information for each of the major market inputs.

Figure 2-8: Major Market Input Sources

Major Input	Source	Section Reference for More Detail
Natural Gas Prices	CRA forecasts and NIPSCO operations team	8 (fundamental forecasts, including scenarios and stochastic inputs) 4 (current gas procurement strategies)
Coal Prices	CRA forecasts and NIPSCO fuel supply group	8 (fundamental forecast) 4 (coal procurement and current contracts/ transportation arrangements)
Emission Prices and Environmental Regulation	CRA forecasts and NIPSCO environmental group	7 and 8
MISO Power Prices	CRA forecasts	8
MISO Capacity Prices	CRA forecasts	8

CRA relied on the following models to perform this work:

- CRA's NGF model, which provides a bottom-up forecast of North American gas production and prices with a focus on shale gas supply and other unconventional resources. Key NGF outputs include a long-term price forecast for domestic natural gas, as well as breakeven costs and production data for major gas basins across the United States. NGF is a national model, useful for macroeconomic scenarios. CRA also licenses the GPCM for regional basis analysis.

- The Aurora model, which CRA licenses, performs regional long-term capacity expansion analysis, and produces hourly MISO market prices at a zonal level based on a fundamental dispatch of the market. Market inputs for the Aurora model include fuel prices, emission prices, regional load forecasts, existing resource parameters and announced regional capacity additions and retirements, and costs and operational parameters for new technology resource options. CRA also deploys a capacity market model, which produces an internally consistent capacity price outlook based on MISO market rules.

- Natural gas and power price stochastic inputs were developed with CRA's MOSEP model. The tool's Monte Carlo engine simulates price deviations around expected paths based on historical volatility and natural gas-power correlation to yield

hundreds of iterations of daily and hourly price paths. CRA also generated correlated synthetic wind output, solar output, and NIPSCO load iterations using *CRA AdequacyX* – Charles River Associates' proprietary probabilistic reliability analysis tool. The details of the stochastic development process are discussed in more detail in Section 8.

2.3.2.2 Environmental Planning Inputs

For the 2024 IRP, the joint NIPSCO-CRA team developed a range of potential environmental policy input assumptions across market scenarios, given uncertainty regarding federal legislative policy and regulation at the U.S. EPA. These environmental planning inputs included scenarios with and without the recently issued EPA GHG Rules for the power sector, with and without the long-term continuation of federal tax credits for clean energy that were extended and or/expanded through the Inflation Reduction Act of 2022, and with and without CO2 pricing. NIPSCO's environmental group provided perspective on the policy ranges and the likely impacts for NIPSCO's fleet. A comprehensive review of key environmental planning drivers is provided in Section 7.

2.3.2.3 Energy and Demand Forecast

For the 2024 IRP, CRA developed an independent load forecast for NIPSCO's energy sales and expected future summer and winter peaks. The 2024 IRP included a robust accounting of the impacts of historical DSM, as well as quantitative scenario-based projections of electric vehicle and customer-owned distributed energy resource penetration and their impacts on NIPSCO's load growth outlook. Scenario variables also included economic growth, industrial load uncertainty, broader market-wide electrification, and large economic development (data center) load growth. All methods, assumptions, and detailed forecast results are provided in Section 3.

2.3.2.4 Existing NIPSCO Portfolio Parameters

NIPSCO's IRP models incorporate all elements of the existing portfolio. NIPSCO's generation operations and planning groups provided the following characteristics for the existing set of resources: capacity, heat rates, emission rates, other operational characteristics of fossil-fired resources, variable O&M costs, fixed O&M costs, forced outage rates, maintenance schedules, must run schedules for coal units, energy and capacity contracts, feed-in-tariff contracts, existing DSM data, and renewable shapes. Certain details regarding the existing fleet are provided in Section 4.

2.3.2.5 New Resource Parameters

NIPSCO relied on multiple sources for major input assumptions associated with new resource options. DSM resource options and costs were developed by GDS and Demand Side Analytics, as described in Section 5. Supply-side resource options were developed largely from the 2024 RFPs. The 2024 RFPs provided real-world cost information and resource operational characteristics, including capacities, heat rates, and expected capacity factors for renewable resources. NIPSCO supplemented the RFP data with third-party research and internal cost

estimates from its Major Projects group for additional generic technology types. Section 4 describes the overall new supply-side resource process in more detail, along with a review of emerging technologies that may be viable over the long-term for NIPSCO and across the broader MISO market.

2.3.2.6 Planning Reserve Margin Target

NIPSCO operates in the MISO market and must demonstrate a sufficient planning reserve margin to ensure reliability and resource adequacy. MISO's most recent seasonal reserve margin targets were used under current market rules: 9% in Summer, 27% in Winter, 14% in Fall, 27% in Spring. For the reserve margin used under the D-LOL analysis, NIPSCO used a coincidence factor based on information provided to NIPSCO by MISO in Spring 2024 that developed an expected planning reserve margin requirement obligation under D-LOL rules for the 2028/29 planning year based on backcasting analysis of the 2023/24 planning year. This coincidence factor aims to approximate NIPSCO obligation for the season based on its expected load during all MISO risk hours and not just during the single peak hour. On a peak load basis, the implied seasonal reserve margins were: 4.2% in Summer, 2.8% in Winter, 9.2% in Fall, 1.2% in Spring. The implied reserve margins under D-LOL are lower because the system risk hours are not necessarily coincident with times of NIPSCO's internal peak.

2.3.2.7 Financial Assumptions

Several financial assumptions are relevant to projecting annual revenue requirements, such as the expected return on equity and debt, tax rates, and the discount rate used when calculating the NPV. A summary of the major financial assumptions used in the 2021 IRP is provided in Figure 2-9.

Figure 2-9: Major Financial Assumptions

Financial Assumption	Value
Cost of Equity	9.80%
Cost of Debt	4.76%
Equity %	58.60%
Debt %	41.40%
After-Tax Weighted Average Cost of Capital	7.22%
Federal Income Tax Rate	21.00%
State Income Tax Rate	4.90%
Blended Income Tax Rate	24.87%
Property Tax Rate	2.16%
Discount Rate	7.22%
Allowance for Funds Used During Construction%	7.44%
Blended Depreciation Rate for Existing Assets	3.88%

2.3.3 Step 3: Develop Integrated Resource Strategies

The third major step in the 2024 IRP process was to develop resource strategies or portfolios for further evaluation. Foundational to this step was establishing NIPSCO's starting supply-demand position. On the supply-side, NIPSCO is currently in the midst of retiring its coal-fired Schahfer and Michigan City units and replacing them primarily with wind, solar, storage, and natural gas peaking resources. Meanwhile, capacity accreditation for all resource types is uncertain as MISO rules evolve. On the demand side, NIPSCO currently expects significant load growth associated with new large data center loads entering its system.

As shown in Figure 2-10 and Figure 2-11 for the summer and winter seasons, respectively, NIPSCO faces an uncertain future capacity gap as a result of potential load growth and potential capacity accreditation changes. The gap is expected to materialize in 2028 after the retirement of NIPSCO's final coal-fired unit at Michigan City and grow over time. As shown, both the capacity accreditation and NIPSCO obligation are expected to change in 2028 after the implementation of the D-LOL rules.

Figure 2-10: Starting Supply-Demand Balance – Summer with and without D-LOL

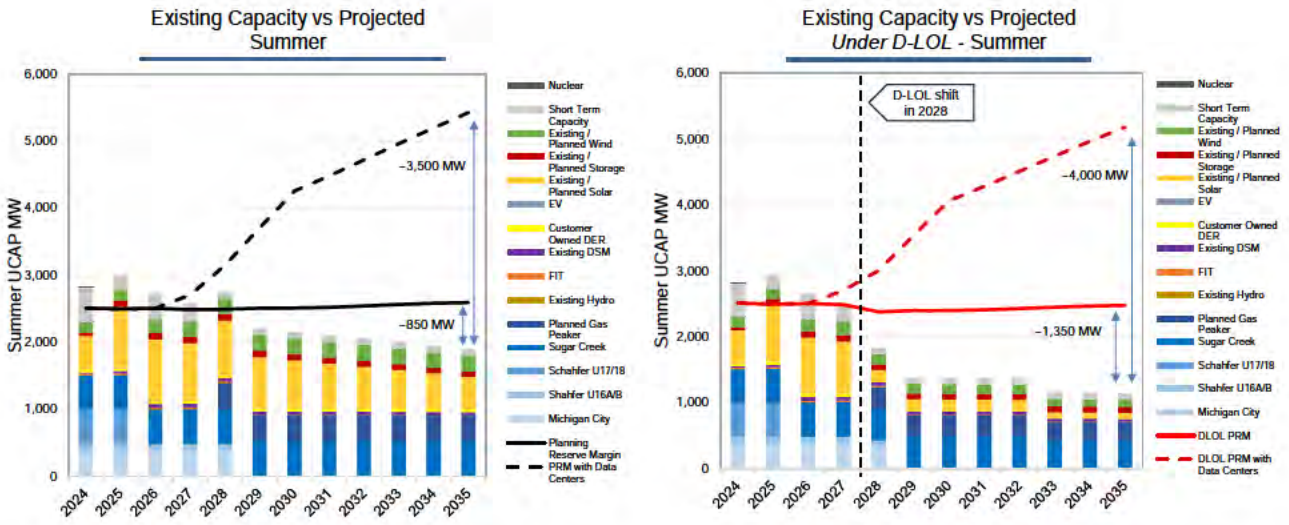
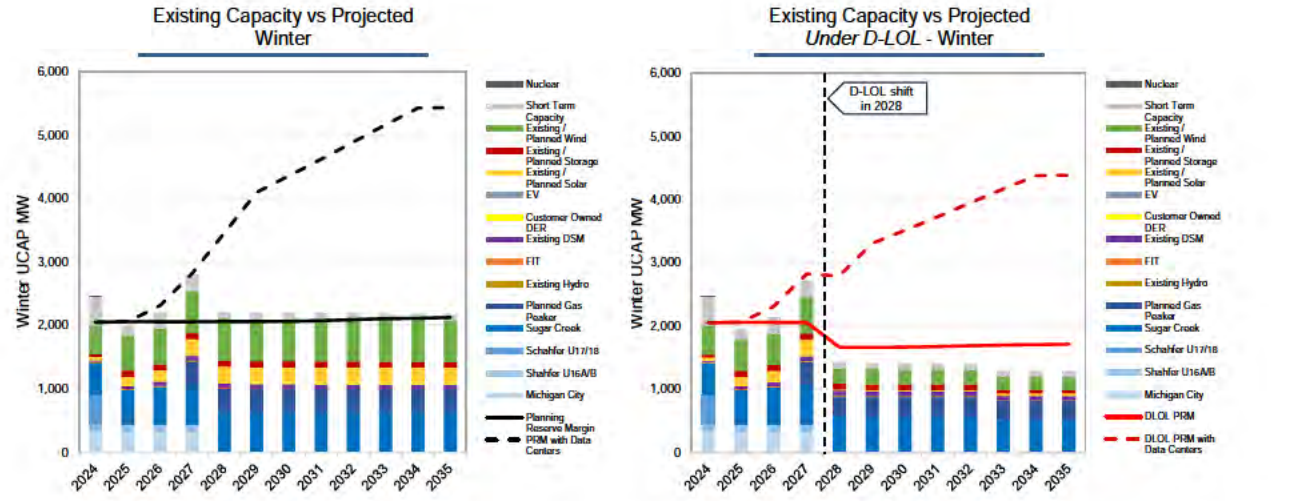


Figure 2-11: Starting Supply-Demand Balance – Winter with and without D-LOL



With this foundational starting point, the 2024 IRP's portfolio development process relied on multiple inputs and approaches, which are described in more detail in Section 4 (Supply Side Resource Options), Section 5 (Demand-Side Resource Options), and Section 9 (Portfolio Analysis). In the context of the major themes identified in step one and the starting supply-demand balance noted above, NIPSCO developed six different portfolio concepts around accreditation and emission intensity through least cost portfolio optimization analysis. Variants were also developed based on load growth sensitivities and future decarbonization pathways. The analysis is described in more detail in Section 9.

2.3.4 Step 4: Portfolio Modeling

After detailed portfolios were constructed, each of them was evaluated in CRA's suite of resource planning tools, namely Aurora and a utility financial model known as PERFORM. The Aurora model performs an hourly chronological dispatch of NIPSCO's portfolio within the MISO power market, accounting for all variable costs of operation, all contracts or power purchase agreements, and all economic purchases and sales with the surrounding market. Aurora produces projections of asset-level dispatch and the total variable costs associated with serving load. It also produces estimates for other key metrics, such as carbon dioxide emissions over time and capacity and generation by fuel type.

The Aurora output is then used by CRA's PERFORM model to build a full annual revenue requirement, inclusive of capital investments, fixed operating and maintenance costs, and financial accounting of depreciation, taxes (including detailed accounting associated with federal tax credits) and utility return on investment. The PERFORM model produces annual and net present value estimates of revenue requirements. The full set of portfolio modeling is undertaken for all portfolio options for the Reference Case and each individual integrated market scenario.

2.3.5 Step 5: Evaluate Tradeoffs and Produce Recommendations

The final step in NIPSCO's IRP process is to evaluate the various portfolios with an integrated scorecard and produce recommendations for a preferred plan. As discussed in Step 1, NIPSCO identified several planning objectives for its scorecard. In this step, metrics were recorded against all key planning criteria, and tradeoffs were evaluated. Ultimately, NIPSCO management is responsible for selecting the preferred portfolio based on an assessment of all options and scorecard metrics. This process and the preferred portfolio selection is described in Section 9.

Section 3. Energy and Demand Forecast

3.1 Introduction and Major Highlights of the Forecast

This section provides an overview of NIPSCO's load forecast. For the 2024 IRP, NIPSCO worked with CRA to produce a comprehensive load forecast by customer class and load category. This entailed an econometric core load forecast for residential, commercial, small industrial, and large industrial customers,[9] plus projections for EV demand and BTM DER f

penetration throughout the service territory. NIPSCO also developed a view on the potential for large economic development projects, particularly data centers, to drive additional demand growth. Major highlights of the forecast include:

- As part of its 2024 load forecasting efforts, NIPSCO has identified several large economic development projects that could contribute significant load growth to the system. To capture this new source of demand, NIPSCO developed two large load sensitivities to supplement the base econometric forecast. Data center growth has the potential to add 21,810 to 72,140 GWh to the annual sales forecast by 2035 and between 2,600 and 8,600 MW to peak load.

- In the Reference Case, NIPSCO's energy sales are projected to grow at a CAGR of approximately 11.3% over the next 20 years, *including the impact of new large economic development loads*. The summer and winter peaks are projected to increase by 8.9% and 10.6%, respectively. Prior to the inclusion of such loads, NIPSCO's energy sales were projected to growth at a CAGR of approximately 1.1% over the next 20 years.

- Residential and commercial customer counts are projected to grow at CAGRs of 0.87% and 1.02%, respectively, with the industrial customer count projected to decline at a rate of 0.26% per year. Overall sales to residential customers are projected to increase by 0.37%, despite sales per customer declining. The overall sales to commercial customers are similarly projected to increase by 0.36%, driven by growing customer count but modestly declining sales per customer. The sales to small industrial customers are projected to decline by 0.15%, driven by modestly declining customer count and flat sales per customer.[10]

- EV growth has the potential to add between approximately 700 to 1,800 GWh to the annual sales forecast by 2043 and between 140 and 360 MW of summer peak impact.

[9] Additionally, railroad, street lighting, public authority, and company use energy forecasts are incorporated in the total energy forecast. However, the load forecast for these customer classes has been projected using a simple moving average assumption based on historical data, rather than a regression estimation method.

[10] The projections in this paragraph exclude the new large economic development loads referenced in the immediately preceding paragraphs.

EVs also have the potential to substantially shift the time of peak load, depending on consumer behavior and potential future time of use rate design incentives.

- Customer-owned DERs in the form of residential and commercial solar resources have the potential to reduce the sales forecast by approximately 150 to 400 GWh. However, this resource is unlikely to materially reduce peak demands, given expectations for overall hourly load profiles to shift to times before or after the sun has risen or set.

- NIPSCO's scenario and sensitivity analysis provides a broad range of potential load growth outcomes based on uncertainty regarding future economic growth, EV and DER penetration, other electrification, potential industrial load migration, and large economic development growth.

3.2 Forecasting Methodology Overview

For the 2024 IRP, NIPSCO has made several enhancements to its load forecasting methodology, which are discussed in detail in this section. The overall load forecasting methodology includes six key steps, which are illustrated in Figure 3-1 and described as follows:

- **Data Gathering**: Compilation of historical data, including historical energy consumption and number of customers by class, historical demand side management program impacts, Moody's macroeconomic variables (such as state-level data on number of households, employment, and personal income), weather variables (heating and cooling degree days based on historical temperature and humidity), and historical data associated with EV and DER penetration.

- **Weather Normalization:** Development of weather-normalized energy sales by class (kWh/customer) for the historical period, *excluding* historical DSM program impacts.

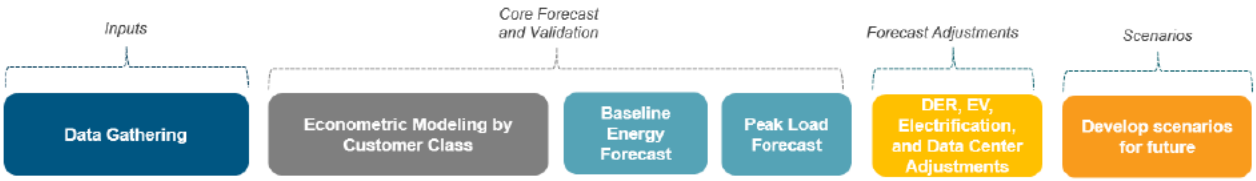
- **Econometric Modeling by Customer Class:** Testing of all economic and demographic "driver" variables in a dynamic regression system and performance of post-estimation tests on econometric models' specification and forecasting performance (for example, Systemic Mean Absolute Percentage Errors).

- **Baseline Energy and Peak Load Forecast Development:** Development of baseline customer count and energy forecasts for each NIPSCO customer rate class, *excluding* historical DSM, and development of accompanying peak load forecasts using the energy forecast and load factors by customer rate class.

- **Forecast Adjustments**, including:
    - Adjustments to the load forecast to incorporate existing and planned *known* DSM programs.
    - Synthesis of forecasts for elements of the future load associated with emerging market trends, including EVs, DERs, other sources of electrification, and new large economic development loads like data centers, inclusive of transmission and distribution losses and accounting for changing load shapes.

- **Scenario Development:** Evaluation of alternative economic growth in econometric models and development of ranges for EVs, DERs, other electrification, industrial load, and new large economic development loads like data centers based on fundamental analysis and other inputs.

Figure 3-1: Summary of NIPSCO Load Forecasting Methodology



3.3 Base Customer Count, Electric Energy, and Peak Demand Forecast

3.3.1 Data Gathering, Weather Normalization, and Econometric Modeling

NIPSCO developed *baseline* forecasts for customer count and energy usage per customer separately, employing an econometric analysis of monthly historical customer class data. First, NIPSCO collected historical data by customer class on the number of customers and energy consumption at a monthly level from 2013 through 2023,[11] macroeconomic and demographic indicators for the region from Moody's Analytics,[12] weather data (heating and cooling degree days based on historical temperature) from the National Oceanic and Atmospheric Administration, and information regarding NIPSCO's historical DSM and EE program savings. After estimating regression equations for each customer class, a number of statistical tests were performed to validate the regression equations specifications and forecast errors. NIPSCO selected the presented model based on R-squared, adjusted R-squared, Root Mean Squared Error and Mean Absolute Percentage Error for out-of-sample data. Stata and Python software packages were used to perform the load forecasting analysis.

After constructing datasets for each customer class, NIPSCO developed econometric regression models for forecasting the number of customers for each customer class, controlling for key drivers. These key variables were regional economic and demographic factors, including household counts (for residential and commercial) and employment in the manufacturing sector (for industrial) and dummy variables that control for seasonal and annual impacts. Specifically, household income was the key variable used to forecast residential, commercial customer count,

[11] It is important to note that NIPSCO's baseline load forecast takes out all historical DSM and energy efficiency (EE) savings from historical electric energy consumption prior to the econometric analysis.

[12] Note that the final IRP load forecast was based on economic data from Moody's as of Q4 2023.

and total industrial customers,[13] while the commercial customer count was also based on a measure of employment.[14]

Note that after predicting the total number of industrial customers, these were divided into categories for small industrial customers, large industrial non-531 customers, large industrial 531 Tier 1 customers, and large industrial 531 Tier 2/3 customers. The number of large industrial customers in each class was assumed to remain constant at the current number, while smaller industrial customers were evaluated through NIPSCO's econometric analysis.[15]

A representation of the estimated regression model for the customer count forecast is presented in Equation 3-1.

Equation 3-1: Regression Equation for Number of Customers

$$C_{it} = b_o + b_1 X_{it} + b_{jt}\theta_t + \pi_{it}$$

Where

i=customer class (residential, commercial, total industrial)

t= month

b_o= constant term

C_{it} = number of customers in a given customer class i in month t

X_{it}= Macroeconomic variable (e.g., number of households for residential and commercial classes in a given month i)

$b_1, b_2, .. b_j$ = Estimated coefficients (slopes) for each variable included in the regression model.

π_{it} = random error term

Similarly, NIPSCO developed econometric regression models for predicting energy sales per customer[16] for each customer class that would control for key drivers for energy consumption, including weather and regional economic and demographic drivers. Specifically, key variables for the residential and commercial regression equations included the average class-specific monthly retail rate, heating and cooling degree days, household income (for residential), employment in the manufacturing sector (for commercial), and monthly dummy variables that control for seasonal impacts on energy consumption. A dummy variable was also used to account for changing

[13] The coefficient on the household income variable is positive for residential, commercial, and small industrial customer counts, suggesting that an increase in the household income is associated with an increase in the number of these customers in the NIPSCO service territory.

[14] The coefficient on the employment variable is positive, which indicates that the number of commercial customers in the NIPSCO service territory will increase with increasing levels of employment.

[15] The present number of large industrial customers is 9 large Industrial non-531 customers, 7 large Industrial 531 Tier 1 customers, and 7 large 531 Tier 2/3 customers. These are assumed to continue at constant levels in the Reference Case forecast.

[16] The electric energy forecast is predicted for energy consumption per customer, which is the ratio of total energy consumption by total number of customers in a specific customer class in a given month (i.e., residential energy use per customer (MWh/customer) is calculated as total residential energy consumption (MWh) in a given month divided by the total number of residential customers in that month).

customer behavior following the COVID-19 pandemic. The following variables were used in the development of the electric energy sales per customer model:

- Heating (residential only) and cooling degree day variables control for the impact of weather on electricity consumption. Particularly, the residential and commercial sectors are responsive to outside temperature because a significant portion of electricity consumption is used for air conditioning, and to a lesser extent space heating, for the residential and commercial customer classes.[17]

- Demographic variables (i.e., household income, employment in manufacturing, and overall employment) control for the impact of regional economic factors on electricity consumption.

- Dummy variables control for factors that cannot be controlled with any other variable in regression equations, such as monthly seasonality that is not associated with weather.

- Dummy variables were used to control for sharp changes in customer behavior following the COVID-19 pandemic.[18]

A representation of the estimated regression model for the usage per customer forecast is presented in Equation 3-2.

[17] The expected coefficients on heating degree days and cooling degree days suggest that (i) an increase in the number of heating degree days is associated with higher electricity consumption, specifically due to space heating; and (ii) an increase in the number of cooling degree days is associated with higher electricity consumption, specifically due to space cooling.

[18] This COVID-19 dummy variable was positive for residential use per customer and negative for commercial use per customer. This indicates changing customer behavior, which increases typical residential use and reduces commercial use.

Equation 3-2: Regression Equation for Usage per Customer Forecast

$$D_{it} = a_o + a_2 X_{it} + a_3 \text{Weather}_{it} + a_{jt}\theta_t + a_4 I_t + \varepsilon_{it}$$

Where

i=customer class (residential and commercial)

t= month

a_o= constant term

D_{it}= electric energy usage per customer in a given customer class i in a given month

X_{it}= Macroeconomic variable (e.g., real personal income for residential class in a given month)

$Weather_t$= variables included to control for weather such as heating and cooling degree days

$a_{jt}\theta_t$= time dummies that control for seasonality in demand

I_t= Indicator function for post-2020 years to account for impacts of changing behavior during and following the COVID-19 pandemic

ε_{it}= random error term

$a_1, a_2, a_3, \ldots a_j$ = Estimated coefficients (slopes) for each variable included in the regression model.

Regression models on Moody's variables were not found to provide good predictive power for the sales per customer in the industrial classes, and the industrial classes (small industrial, large industrial non-531, large industrial 531 Tier 1, large industrial 531 Tier 2, and large industrial 531 Tier 3) were found to be highly correlated with relatively stable portions of overall sales (25.45%, 5.38%, 16.06%, 17.46%, and 34.2%, respectively). This indicates that the industrial load is a single overall ecosystem that is driven by underlying long-term, techno-economic trends. The sales for the overall industrial class have historically seen modest declines, but they have stabilized following the COVID-19 pandemic. The industrial sales also showed significant monthly variations, indicating predictable yearly cycles in the industries represented in NIPSCO's footprint. Given these trends, the overall industrial sales were predicted as the post-2020 monthly average. Then, the overall sales were decomposed to the respective classes, based on the historical trends.

Figure 3-2 summarizes the key variables included in both the energy per customer and customer count load forecast equations for residential, commercial, and small industrial customer classes.

Figure 3-2: Econometric Model Parameters for Core Load Forecast

	Residential	Commercial	Industrial
Customer Count Forecast	Household Income	Household Income, Employment	Manufacturing employment, Metals employment
Baseline Sales per Customer Forecast	Household income, HDD, CDD, seasonal monthly dummies, 2020 and after indicator function	Employment, Manufacturing, CDD, seasonal monthly dummies, 2020 and after indicator function	Seasonal average → decomposed by rate class

3.3.2 Industrial Service Structure

The 2024 IRP incorporated NIPSCO's industrial service tariff, known as Rate 531. This industrial service tariff, originally named Rate 831, was included in the settlement agreement in Cause No. 45159 approved by the Commission in 2019, and it gave certain large industrial customers the option to secure their energy and capacity needs, although NIPSCO at all times is the Market Participant in the MISO market. Since then, these rates classes have been renamed as Rate 531. For IRP planning purposes, NIPSCO's load forecast for the large industrial customer class includes Rate 532, Rate 533, and Rate 531 (Tier 1 energy only) customers.[19]

3.3.3 Customer Count Forecast

Historical customer count data indicates that approximately 87% of NIPSCO customers are residential class with a historical CAGR of 0.54% between 2013 and 2024. The commercial class makes up about 12% of NIPSCO customers, and the industrial class makes up about 0.45% of NIPSCO customers. The CAGR between 2013 and 2024 for commercial and industrial classes is 0.76% and *minus* 0.98%, respectively.

Figure 3-3 presents NIPSCO's projected customer count for the Residential class, Figure 3-4 presents NIPSCO's projected customer count for the Commercial class, and Figure 3-6 presents NIPSCO's projected customer count for Industrial customer classes.

The CAGR is also calculated for the number of customers for each customer class projection between 2024 and 2043 in order to provide an understanding on the future growth trends for NIPSCO's customer counts. NIPSCO's forecast projects residential and commercial CAGRs of 0.87% and 1.02%, respectively. The number of industrial customers is projected to decline modestly at a rate of minus 0.26%.

[19] Note that hourly historical meter data for each individual industrial customer is analyzed when developing the load forecast for the large industrial customer class that NIPSCO services. The energy consumption of industrial customers under Tier 2 and Tier 3 on Rate 531 is excluded from the load forecast because this load is not served by NIPSCO.

Figure 3-3: NIPSCO Residential Customer Count Forecast

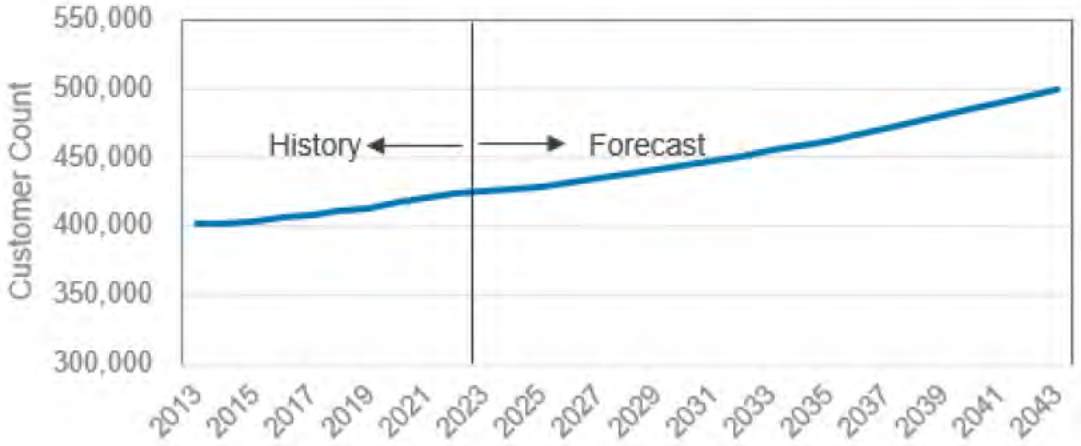


Figure 3-4: NIPSCO Commercial Customer Count Forecast

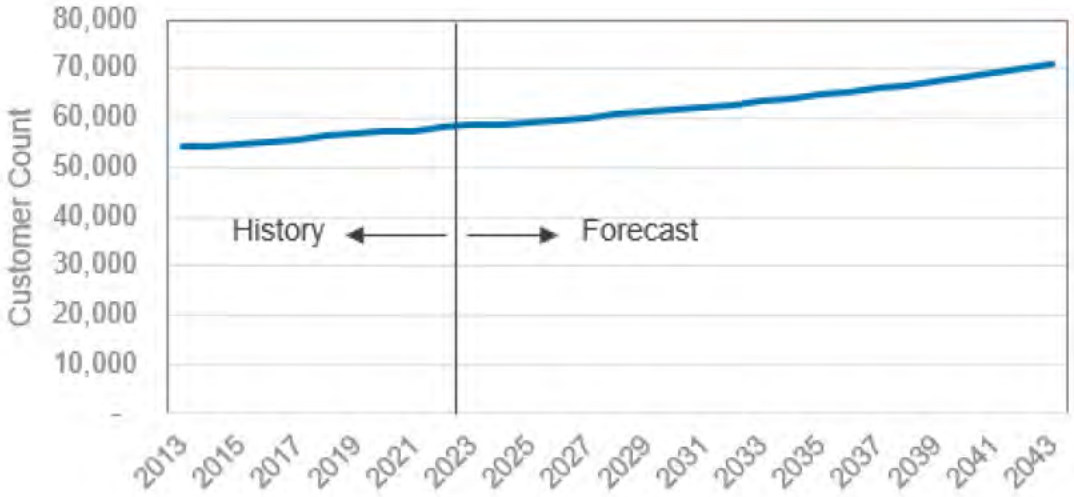
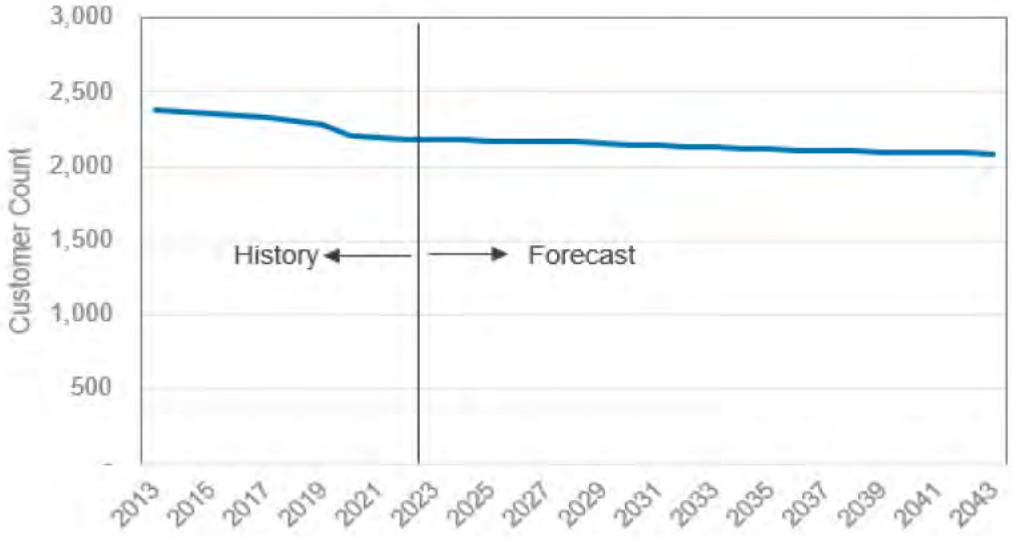


Figure 3-5: NIPSCO Industrial Customer Count Forecast



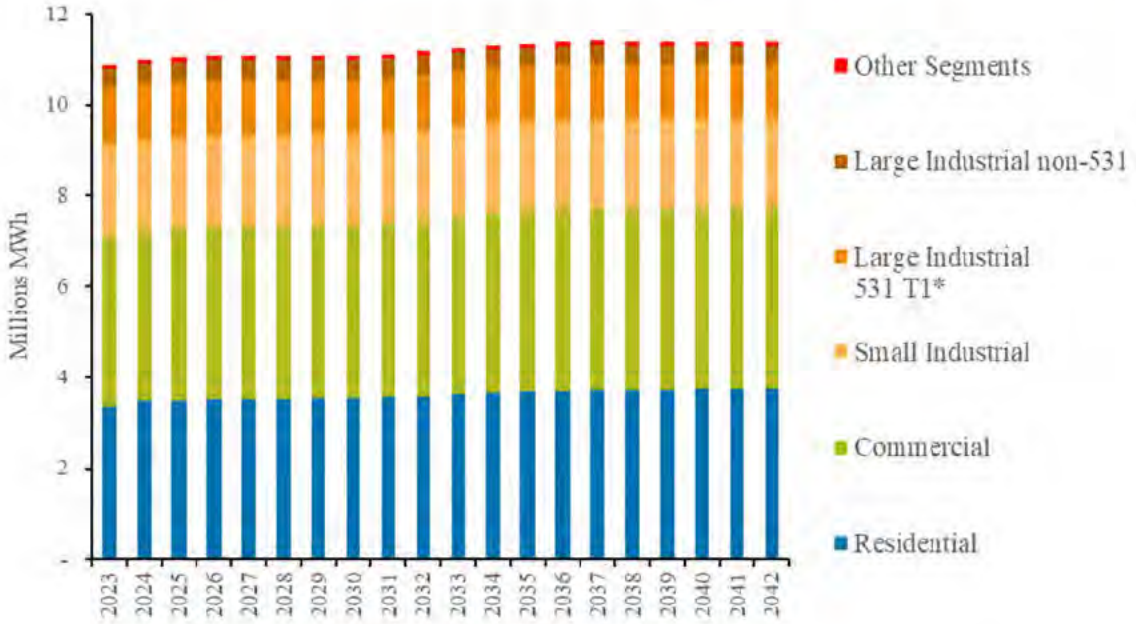
3.3.4 Sales per Customer and Total Electric Sales Forecast

To obtain the total monthly energy sales forecast for each class between 2024 and 2043, the energy sales per customer forecast is multiplied by the customer count forecast. Figure 3-6 presents NIPSCO's projected electric energy sales forecast by customer class and total NIPSCO energy sales through 2043,[20] *prior to any adjustments for EVs, DERs, and large economic development loads*, which are described later in this section.[21] The CAGR for residential customers is projected to be 0.37%, the CAGR for commercial energy sales is projected to be 0.36%, while the CAGR for the industrial class is projected to be -0.15% between 2024 and 2043.

[20] Note that "Other" includes Railroad, Street Lighting, Public Authority, and Company Use. Note that losses are calculated monthly to arrive at net energy for load that must be served by generation. Losses are approximately 4.62% on a monthly basis.

[21] Note that these summaries also do not include the impact of transmission and distribution system losses, which are included in the final forecasts presented later in this Section.

Figure 3-6: NIPSCO Electric Sales Forecast by Customer Class before Adjustments and Excluding Losses (MMWh)



3.3.5 Peak Load Forecast Development

After developing the baseline energy forecasts, NIPSCO developed peak load forecasts on a monthly basis. NIPSCO's historical sample meter data was used to develop the monthly peak load factors for the residential, commercial, and small industrial customer classes, as presented in Figure 3-7. Based on the sample data, peak load factors are lowest during summer months including June, July, and August and higher during winter months including January, February and December. The formula used to develop load factors is summarized in Equation 3-3, and the summer and winter peak load forecasts by customer class, *prior to any adjustments for EVs, DERs, and large economic development loads*, which are described later in this Section, are shown in Figure 3-8 .

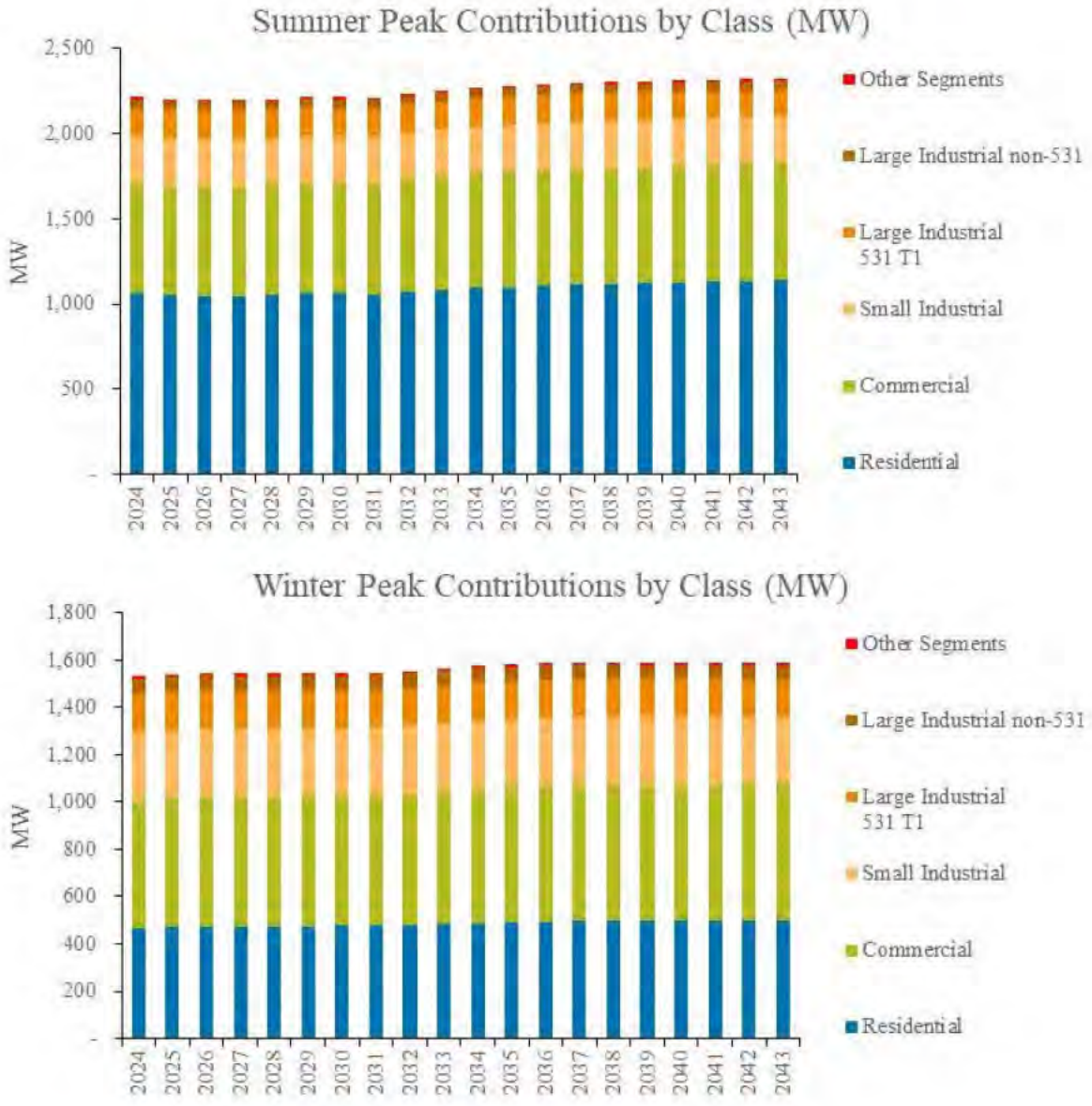
Equation 3-3: Load Factor Calculation

$$Load\ Factor = \left(\frac{Usage\ (kWh)}{\left(Demand\ kW\ *\ 24\frac{hr}{day} * X\frac{days}{mo} \right)} \right)$$

Figure 3-7: Calculated Peak Load Factors by Customer Class

Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Residential	88.88%	88.88%	88.88%	69.90%	69.90%	51.60%	51.60%	51.60%	51.60%	69.90%	88.88%	88.88%
Commercial	81.60%	81.60%	81.60%	75.30%	75.30%	75.40%	75.40%	75.40%	75.40%	75.30%	81.60%	81.60%
Industrial	83.60%	83.60%	83.60%	80.80%	80.80%	83.00%	83.00%	83.00%	83.00%	83.00%	83.60%	83.60%

Figure 3-8: Seasonal NIPSCO Peak Load Forecast by Customer Class before Adjustments and Excluding Losses



3.4 Electric Vehicles

3.4.1 Methodology Overview

NIPSCO developed a range of potential EV penetration rates based on existing data regarding ICE vehicle and EV counts in NIPSCO counties and a top-down forward-looking outlook based on analysis of third-party projections, policy goals, and current trends. NIPSCO-specific and external information about electricity charging usage and hourly charging patterns was then used to estimate the impact on NIPSCO sales and peak load requirements for each of the market scenarios.

The EV analysis was broken down different classes of vehicles and charging locations, which were independently forecasted:

- LDVs in service territory;
- MDVs, including transit vehicles, such as buses and shuttle vans, in service territory;
- Highway corridor charging for HDVs and MDVs

3.4.2 Core Data Source Inputs

3.4.2.1 Starting Vehicle Count Estimates

NIPSCO developed estimates of the starting values for vehicle counts from the following major sources:

- LDVs and MDVs: Indiana Vehicle Fuel Dashboard data
- Transit vehicles: 2022 National Transportation Database
- Corridor charging data: DOT –HPMS

3.4.2.2 Vehicle Count Growth Rate Projections

NIPSCO developed an econometric forecast model to develop EV growth estimates based on adoption rates applied to a sigmoid growth curve. Historical EV registrations were analyzed to create a view of EV adoption in historical years and expected 2024 adoption. Historical ICE registration data was used to obtain a view of total vehicle registrations, and the total number of vehicles was kept constant over time. The inflection year, maximum EV adoption by 2045, and the k value (slope) of the sigmoid curve function were varied across scenario based on analysis of third-party projections, policy goals, and current trends. These assumptions are provided in Table 3-1 and Table 3-2.

Table 3-1: LDV EV Sales Assumptions by Scenario

	Inflection Year	Target EV Adoption as % of LDV Sales by 2045	K Value
Low	2035	50%	0.4
Med	2032	80%	0.45
High	2031	95%	0.5

Table 3-2: MDV and Transit EV Sales Assumptions by Scenario

	Inflection Year	Target EV Adoption as % of MDV Sales by 2045	K Value
Low	2032	30%	0.9
Med	2032	75%	0.9
High	2030	95%	0.9

3.4.3 Light Duty Vehicles

3.4.3.1 LDV EV Growth Forecast

NIPSCO utilized the Indiana Office of Energy Development Vehicle Fuel Dashboard to determine the existing number of electric vehicles registered in the state. The Indiana Vehicle Fuel Dashboard is designed to provide public information about the types of vehicle fuels in the state and trends over time. The dashboard allows users to explore Indiana BMV registration data from January 2018 to present. NIPSCO found that by Jan. 1, 2024, there were approximately 2,015 LDV electric vehicles registered in the service territory. Estimated LDV numbers by County are provided in Table 3-3 and Table 3-4:.

Using the 2023 count of vehicles as a starting number of EV registrations in NIPSCO service territory as of Jan. 1, 2024, the annual sales of light duty vehicles were forecasted to grow as detailed in Table 3-1. NIPSCO took an average of total LDV vehicle registrations between 2018 and 2023 to find a total of approximately 644 thousand LDVs, data detailed in Table 3-5:. This average number of LDVs was kept constant throughout the forecast period.

The replacement of older, less efficient vehicles is assumed to naturally occur as vehicles age and owners adopt new vehicle models. To reflect this process of stock turnover, an average car lifetime of 15 years was assumed. The combination of new BEV and PHEV sales per year, as well as the retirement of the existing stock, resulted in fleet-wide projections for BEVs and PHEVs.

Table 3-3: Electric and Hybrid Light Duty Vehicle Registrations in NIPSCO Counties[22]

County	Electric						Electric and Gas Hybrids					
	2018	2019	2020	2021	2022	2023	2018	2019	2020	2021	2022	2023
Benton	1	1	1	1	3	9	14	16	19	28	38	58
Carroll	-	-	-	-	3	11	51	54	56	78	106	129
DeKalb	2	2	3	9	11	25	105	99	110	158	188	237
Elkhart	17	22	33	66	105	183	720	747	815	1,057	1,283	1,570
Fulton	-	-	1	4	10	18	51	43	57	54	77	106
Jasper	-	-	2	9	14	25	67	76	82	126	138	199
Kosciusko	3	3	7	18	37	78	298	324	346	460	581	684
LaGrange	1	1	-	5	10	11	55	60	70	103	125	141
Lake	18	42	72	215	417	794	1,455	1,454	1,597	2,195	2,798	3,715
LaPorte	11	12	24	44	73	122	317	314	330	472	563	748
Marshall	1	1	1	6	20	31	134	149	152	217	269	327
Newton	-	-	-	1	2	5	34	29	30	45	58	71
Noble	1	1	-	8	18	21	90	83	93	127	170	208
Porter	23	26	48	103	214	385	784	803	866	1,156	1,145	1,918
Pulaski	1	-	1	2	5	1	24	21	18	28	35	40
St. Joseph	19	29	48	111	224	379	1,247	1,314	1,492	1,831	2,232	2,753
Starke	-	1	1	2	5	4	48	49	43	72	77	112
Steuben	3	4	4	10	19	23	108	117	121	172	219	284
White	1	1	1	9	16	27	65	58	60	86	115	154
Total	102	146	247	623	1,206	2,152	5,667	5,810	6,357	8,465	10,217	13,454

[22] Indiana Office of Energy Development, Indiana Vehicle Fuel Dashboard, accessed Jan. 11, 2024. Electric and Gas Hybrid counts include non-plug-in hybrids. County vehicle counts are not representative of the NIPSCO service territory. https://www.in.gov/oed/resources-and-information-center/vehicle-fuel-dashboard/

Table 3-4: Estimated EVs in NIPSCO Service Territory[23]

County	% Households in NIPSCO Service Territory	2018	2019	2020	2021	2022	2023
Benton	100%	2	2	2	3	5	12
Carroll	77%	2	2	3	4	7	14
DeKalb	17%	1	1	2	3	4	7
Elkhart	57%	35	38	47	74	105	159
Fulton	55%	2	1	2	4	8	13
Jasper	82%	3	4	6	14	18	30
Kosciusko	58%	12	13	16	27	42	70
LaGrange	52%	2	2	2	6	9	10
Lake	100%	105	129	168	347	585	1,017
LaPorte	100%	30	31	44	72	107	167
Marshall	36%	3	4	4	7	13	18
Newton	65%	1	1	1	2	4	6
Noble	6%	0	0	0	1	2	2
Porter	91%	64	68	91	158	258	457
Pulaski	47%	1	1	1	2	3	2
St. Joseph	0%	0	0	0	0	1	1
Starke	3%	0	0	0	0	0	0
Steuben	67%	6	7	8	14	21	27
White	5%	0	0	0	1	1	2
Total	-	272	306	397	737	1,193	2,015

[23] Estimated count of electric vehicles in the NIPSCO service territory is determined by the approximate % of households within the country that fall into NIPSCO service territory. The Electric and Gas hybrid category is assumed to be predominantly non-plug-in hybrids based on analysis of hybrid vehicle types. NIPSCO assumes 6% of Electric and Gas hybrids are plug-in electric hybrids.

Table 3-5: Estimated Total LDVs in NIPSCO Service Territory[24]

County	2018	2019	2020	2021	2022	2023
Benton	6,659	6,710	6,583	6,662	6,658	6,614
Carroll	15,752	15,883	15,749	16,147	15,781	16,003
DeKalb	30,804	31,072	31,381	32,065	31,782	32,128
Elkhart	121,397	122,113	122,107	126,259	123,869	124,125
Fulton	15,068	15,065	14,969	15,216	15,185	15,031
Jasper	24,705	24,961	24,615	25,669	25,217	25,542
Kosciusko	53,812	54,281	53,587	55,122	54,495	54,503
LaGrange	20,567	20,488	20,252	21,192	20,648	20,474
Lake	261,456	262,859	258,449	267,672	262,950	264,550
LaPorte	73,125	72,880	72,329	73,906	72,083	72,614
Marshall	31,769	31,979	31,572	32,512	32,273	32,136
Newton	11,163	11,107	10,814	11,206	10,880	10,880
Noble	33,111	33,170	33,480	34,425	33,966	33,825
Porter	105,597	105,964	10,4951	108,077	107,414	108,048
Pulaski	10,065	10,087	9,891	10,307	10,050	10,181
St. Joseph	148,686	149,829	148,934	151,421	149,359	150,223
Starke	17,681	17,442	17,316	17,893	17,625	17,768
Steuben	25,323	26,115	25,917	26,586	25,977	26,175
White	18,829	19,305	19,048	19,487	19,126	19,145
Total	639,562	642,705	635,213	655,478	644,701	647,984

[24] Indiana Office of Energy Development, Indiana Vehicle Fuel Dashboard accessed Jan. 11, 2024. https://www.in.gov/oed/resources-and-information-center/vehicle-fuel-dashboard/

Figure 3-9: LDV EV Adoption: EVs as a % of new LDV sales

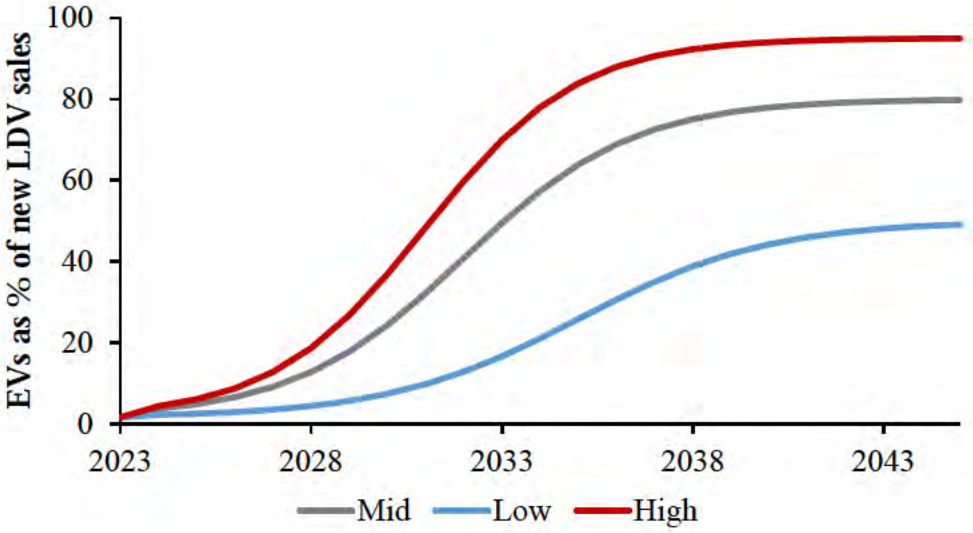
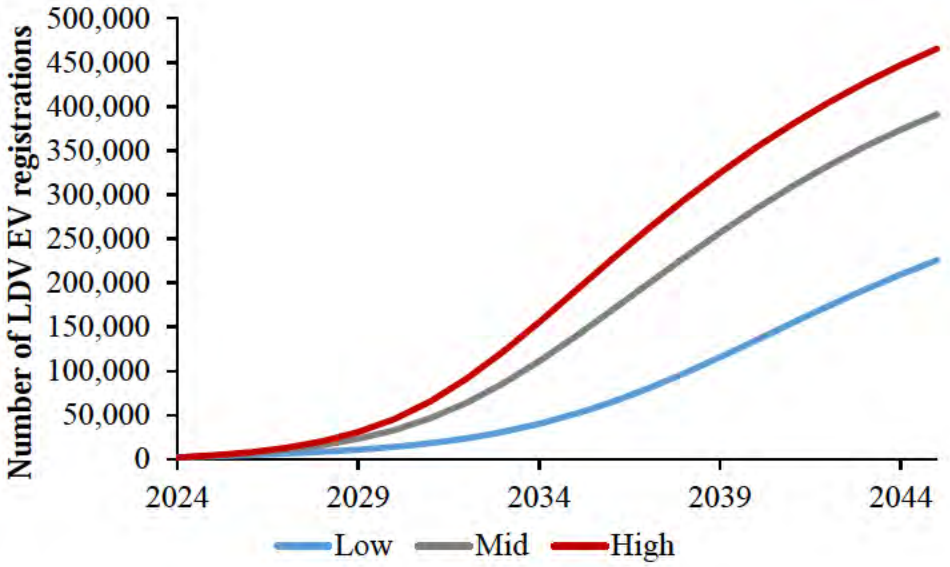


Figure 3-10: LDV EV Adoption: Number of EVs registered in NIPSCO service territory[25]



[25] NIPSCO assumes an average LDV lifetime of 12 years based on Bureau of Transportation data. As the makeup of the existing fleet age is unknown, the historical registration data is evenly distributed over the 12-year assumed lifetime to factor in retirements for the fleet turnover analysis. https://www.bts.gov/content/average-age-automobiles-and-trucks-operation-united-states

3.4.3.2 LDV EV Energy Use

NIPSCO utilized the EVI-Pro-Lite[26] tool from the National Renewable Energy Lab to develop hourly vehicle charging shapes and resulting energy use from EV charging. NIPSCO developed three main charging shapes to represent an hourly weather-adjusted 2024 ("Today") charging profile, a 2030 charging profile, and a 2040 charging profile. The EVI-Pro-Lite tool allows the user to specify a number of inputs, including:

- **Fleet size:** This input is not utilized directly as results are normalized to inflate by the number of vehicles shown in Figure 3-10.
- **Average daily miles traveled per vehicle:** Detailed in Table 3-8.
- **Average ambient temperature:** NIPSCO uses an average daily temperature based on historical weather data.
- **Mix of vehicles that are fully electric:** NIPSCO assumes a plug-in electric vehicle focused distribution of vehicles, detailed in Table 3-7.
- **Share of electric vehicles that are sedans vs. SUVs:** NIPSCO assumes relatively even distribution of sedan and SUV vehicles, detailed in Table 3-7.
- **Share of Level 1 and Level 2 workplace charging:** Assumed to evolve over time.
- **Share of electric vehicles with access to home charging:** NIPSCO assumes that 100% of electric vehicles will have access to home charging as much of the service territory falls in residential areas. This could be Level 1 or Level 2 charging.
- **Vehicle preference for home charging:** NIPSCO assumes that 100% of electric vehicles will prefer home charging if they have access to a charger.
- **Home charging strategy** (immediate, delayed, etc.)
- **Workplace charging strategy** (immediate, delayed, etc.)

[26] NREL and DOE EVI-Pro-Lite https://afdc.energy.gov/evi-x-toolbox#/evi-pro-ports

Figure 3-11: LDV assumptions evolution over time

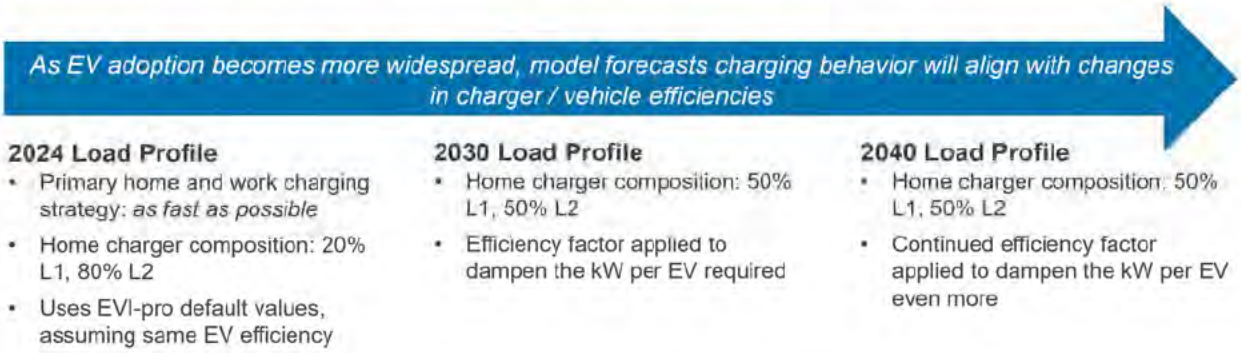


Table 3-6: Assumed efficiency of LDV vehicle types (miles/kWh)[27]

EV Type	2024-2029	2030-2039	2040-2045
BEV Sedan	2.57	3.5	5.0
BEV SUV	2.3	3.0	4.5
PHEV Sedan	2.95	4.0	5.0
PHEV SUV	2.4	3.25	4.5

Table 3-7: Vehicle type market share assumptions (share of EVs adopted by year)

EV Type	2024-2029	2030-2039	2040-2045
BEV Sedan	44%	50%	52%
BEV SUV	36%	41%	43%
PHEV Sedan	14%	7%	4%
PHEV SUV	6%	3%	2%

Table 3-8: Vehicle miles traveled per day[28]

	2024-2029	2030-2039	2040-2045
VMT	27.5	33.75	40.0

Sample LDV weekday and weekend charging profiles are detailed in Figure 3-12 through Figure 3-17. EV charging profiles are blended over the forecast horizon to create hourly EV charging profiles that consider ambient temperature, day of week, number of vehicles, type of charger (level and location, and vehicle mix).

27 https://atb.nrel.gov/electricity/2022/index

28 https://www.sciencedirect.com/science/article/abs/pii/S254243512300404X

Figure 3-12: LDV EV 2024 Weekday Charging Profile (kW/vehicle)

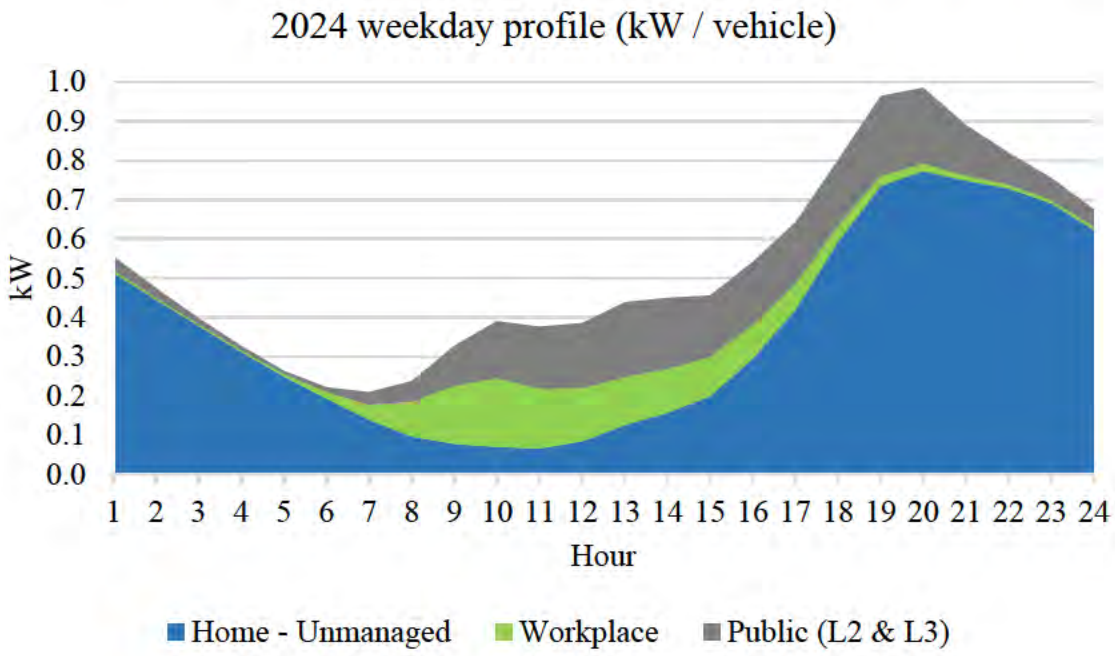


Figure 3-13: LDV EV 2024 Weekend Charging Profile (kW/vehicle)

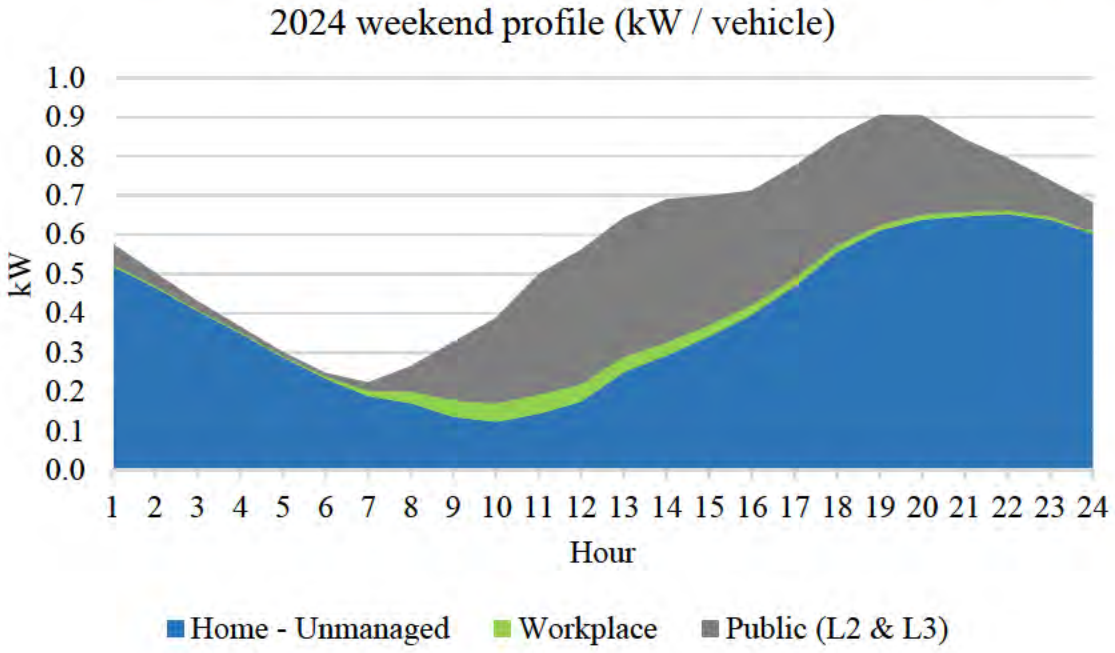


Figure 3-14: LDV EV 2030 Weekday Charging Profile (kW/vehicle)

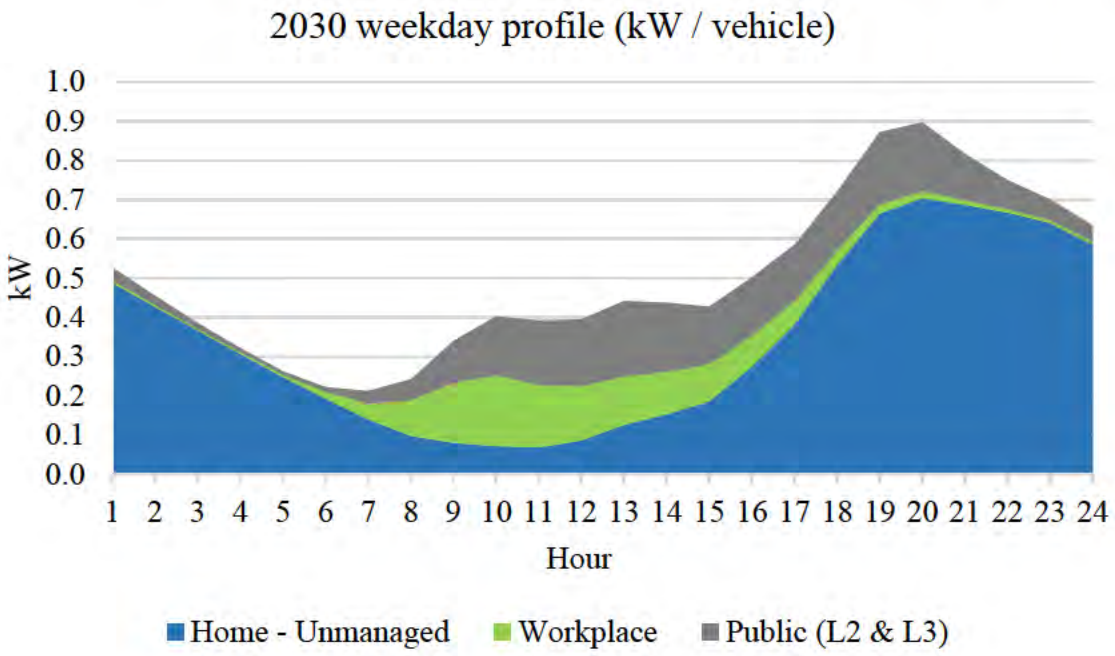


Figure 3-15: LDV EV 2030 Weekend Charging Profile (kW/vehicle)

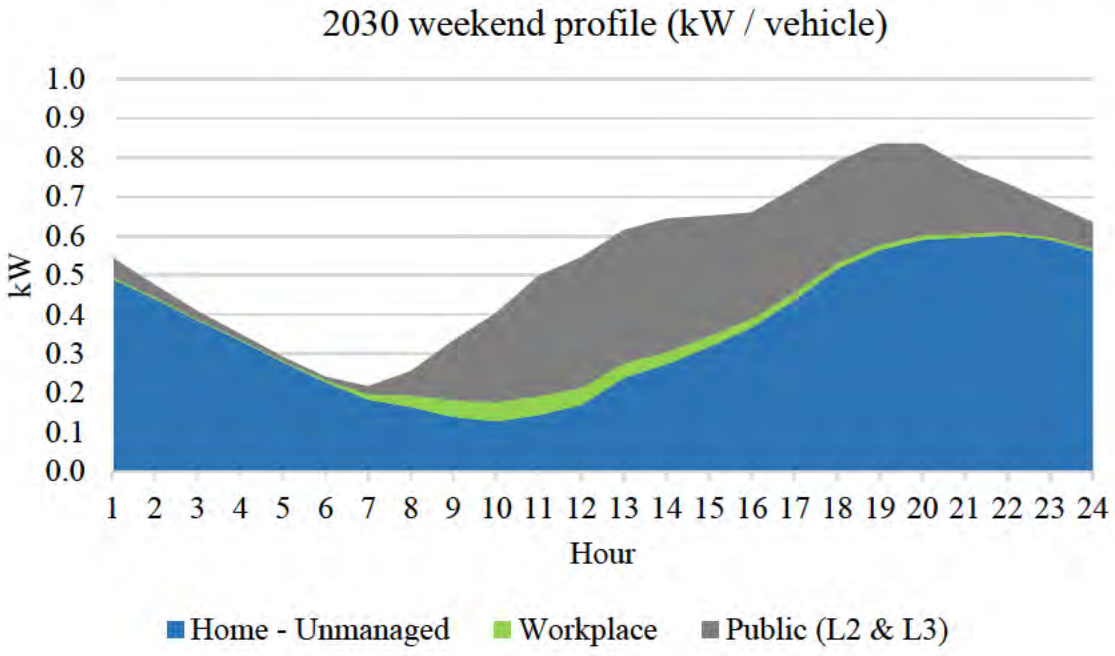


Figure 3-16: LDV EV 2040 Weekday Charging Profile (kW/vehicle)

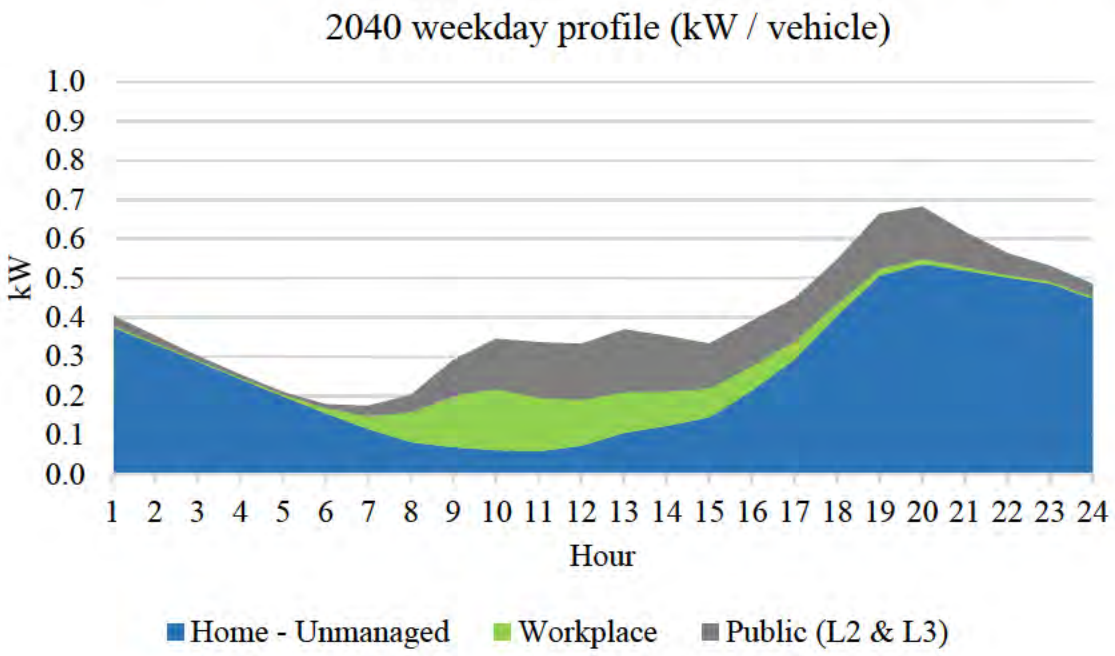
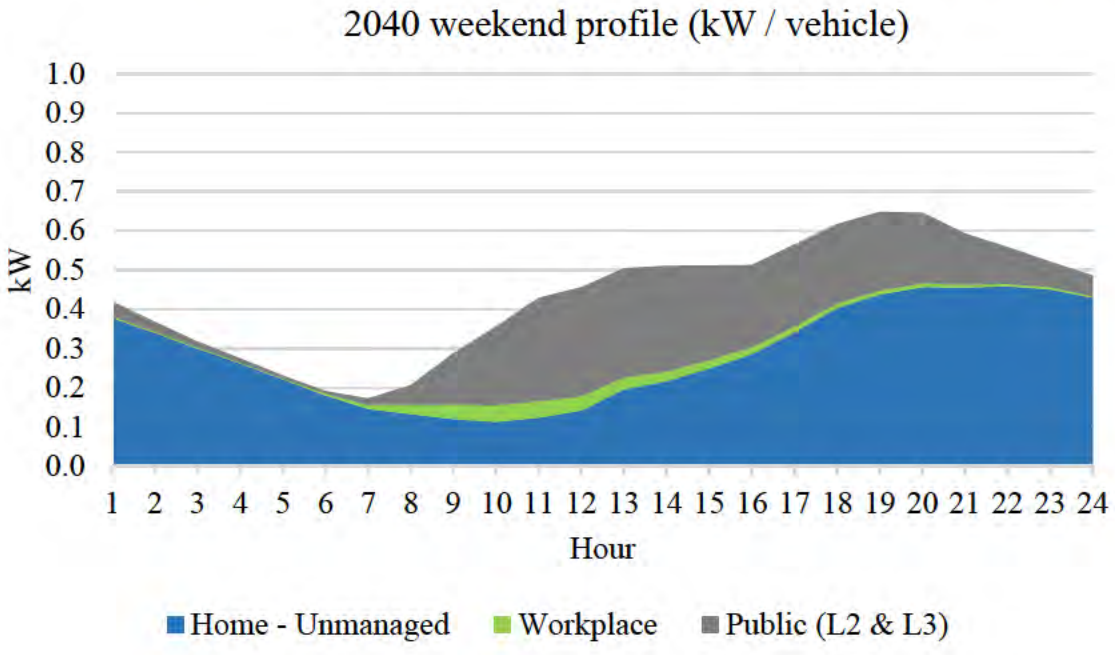


Figure 3-17: LDV EV 2040 Weekend Charging Profile (kW/vehicle)



3.4.4 MDV and Transit Vehicles

3.4.4.1 MDV and Transit EV Growth Forecast

A similar approach was used for estimating fleet wide vehicle numbers, which includes buses, cutaway vans, and shuttles. The MDV EV growth forecast used the same approach as was used for LDVs in Section 3.4.3.1. The historical MDV vehicle count by county and NIPSCO service territory are detailed in Table 3-9 and Table 3-10.

Table 3-9: All MDV Vehicles in NIPSCO Service Territory[29]

County	2018	2019	2020	2021	2022	2023
Benton	206	217	248	276	274	307
Carroll	495	530	536	602	629	686
DeKalb	812	852	892	1,043	1,033	1,123
Elkhart	3,409	3,415	3,624	3,900	3,843	4,228
Fulton	455	486	533	580	591	653
Jasper	755	752	816	916	957	1,109
Kosciusko	1,518	1,541	1,703	1,740	1,841	1,960
LaGrange	775	815	893	959	1,004	1,072
Lake	4,824	5,093	5,228	5,630	5,562	6,170
LaPorte	1,714	1,765	1,918	2,047	2,030	2,317
Marshall	994	1,032	1,140	1,333	1,276	1,306
Newton	279	308	334	377	410	454
Noble	961	1,030	1,077	1,205	1,228	1,333
Porter	1,938	2,087	2,175	2,406	2,420	2,673
Pulaski	323	325	341	377	391	416
St. Joseph	2,946	3,092	3,224	3,475	3,315	3,559
Starke	457	472	482	510	531	573
Steuben	750	744	782	860	917	966
White	533	558	640	676	678	835
Total	14,446	15,035	15,875	17,220	17,302	19,105

[29] Indiana Office of Energy Development, Indiana Vehicle Fuel Dashboard accessed Jan. 11, 2024. County vehicle counts are not representative of the NIPSCO service territory. MDVs are distributed using determined by the approximate % of households within the country that fall into NIPSCO service territory. See Table 3-4:. https://www.in.gov/oed/resources-and-information-center/vehicle-fuel-dashboard/

Table 3-10: MDV EVs and Total MDVs in NIPSCO Service Territory

Year	Electric	E&G Hybrid	Total
2018	0	0	14,446
2019	0	0	15,035
2020	0	0	15,875
2021	0	0	17,220
2022	2	0	17,302
2023	8	0	19,105

Limited data is available on the adoption of electric transit vehicles within NIPSCO's service territory. To estimate the total number of transit vehicles in NIPSCO counties, data was developed from the 2022 National Transit Database, the Federal Transit Administration's repository of data on financial, operating, and asset conditions of American transit systems. Filtering on NIPSCO counties, there were approximately 471 transit vehicles registered, with 267 estimated to be within the NIPSCO service territory, as summarized in Table 3-9 and Table 3-12. As there is no data for electric transit vehicles, NIPSCO starts with fully internal combustion engines for all transit.

From the National Transit Database, an average lifetime for each vehicle type was determined, detailed in Table 3-13. This data point is consistent with the idea that higher utilization leads to shorter lifetimes, when compared to the lifespan of LDV passenger light-duty vehicles. Forecasts of electric MDVs and transit vehicles were developed using the sigmoid growth curve described in Section 3.4.2.2. See Table 3-2 for assumptions. The EV MDV and transit adoption profiles by scenario are detailed in Figure 3-18. Final MDV and transit EV vehicle counts are shown in Figure 3-19 and Figure 3-20, respectively.

Table 3-11: All Transit Vehicles in NIPSCO Counties[30]

County	Bus	Cutaway	Minivan	Over-the-road Bus	Steel Wheel Vehicles	Trucks and other Rubber Tire Vehicles	Van
Benton	0	0	0	0	0	0	0
Carroll	0	0	0	0	0	0	0
DeKalb	0	3	8	0	0	0	0
Elkhart	0	0	0	0	0	0	0
Fulton	0	2	9	0	0	0	0
Jasper	0	0	0	0	0	0	0
Kosciusko	0	11	1	0	0	0	0
LaGrange	0	8	5	0	0	0	0
Lake	28	34	0	0	0	8	1
LaPorte	0	19	0	0	0	1	0
Marshall	0	2	8	0	0	0	0
Newton	0	0	0	0	0	0	0
Noble	0	2	9	0	0	0	6
Porter	0	33	1	5	18	93	1
Pulaski	0	0	0	0	0	0	0
St. Joseph	62	23	10	0	0	7	0
Starke	0	0	0	0	0	0	0
Steuben	0	9	6	0	0	0	0
White	0	15	23	0	0	0	0
Total	90	161	80	5	18	109	8

30 Federal Transit Administration, The 2022 National Transit Database. https://www.transit.dot.gov/ntd

Table 3-12: Estimated Transit Vehicles in NIPSCO Service Territory[31]

County	% Households in NIPSCO Service Territory	Bus	Cutaway	Minivan	Over-the-road Bus	Steel Wheel Vehicles	Trucks and other Rubber Tire Vehicles	Van
Benton	100%	0	0	0	0	0	0	0
Carroll	77%	0	0	0	0	0	0	0
DeKalb	17%	0	1	1	0	0	0	0
Elkhart	57%	0	0	0	0	0	0	0
Fulton	55%	0	1	5	0	0	0	0
Jasper	82%	0	0	0	0	0	0	0
Kosciusko	58%	0	6	1	0	0	0	0
LaGrange	52%	0	4	3	0	0	0	0
Lake	100%	28	34	0	0	0	8	1
LaPorte	100%	0	19	0	0	0	1	0
Marshall	36%	0	1	3	0	0	0	0
Newton	65%	0	0	0	0	0	0	0
Noble	6%	0	0	1	0	0	0	0
Porter	91%	0	30	1	5	16	85	1
Pulaski	47%	0	0	0	0	0	0	0
St. Joseph	0%	0	0	0	0	0	0	0
Starke	3%	0	0	0	0	0	0	0
Steuben	67%	0	6	4	0	0	0	0
White	5%	0	1	1	0	0	0	0
Total	-	28	103	19	5	16	94	2

Table 3-13: Estimated Transit Vehicle Age[32]

Transit Vehicle Type	Average Fleet Age (years)
Bus	7.0
Cutaway	5.0
3-13	5.7
Over-the-road Bus	11.4
Steel Wheel Vehicles (Service)	12.9
Trucks and other Rubber Tire Vehicles (Service)	5.7
Van (MDV)	10.8

31 Estimated count of transit vehicles in the NIPSCO service territory is determined by the approximate % of households within the country that fall into NIPSCO service territory.

Figure 3-18: MDV and Transit EV Adoption: EVs as a % of new sales

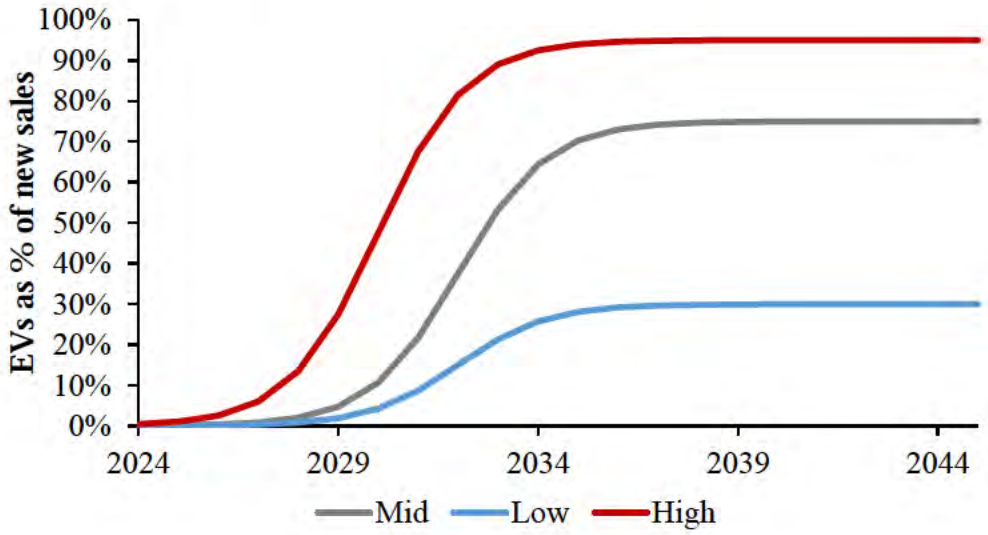
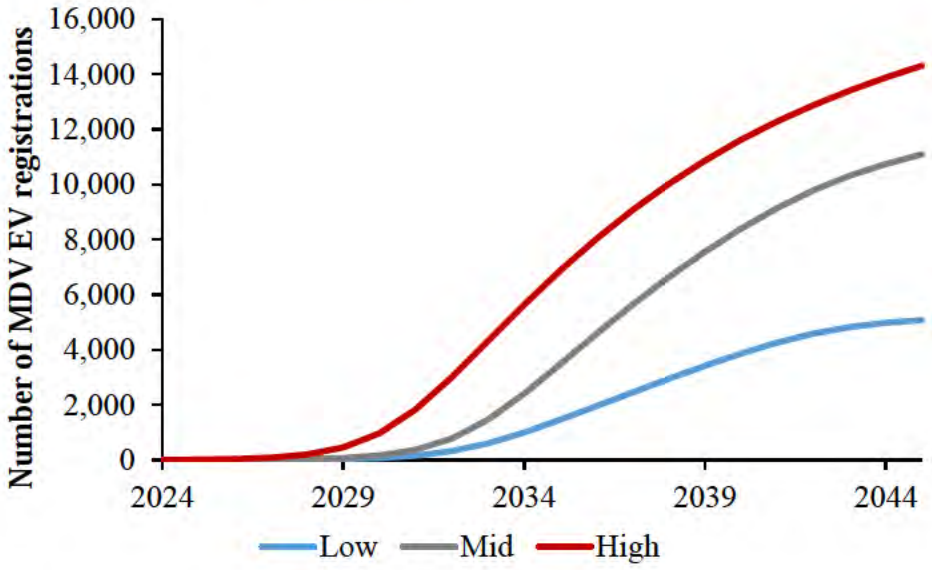
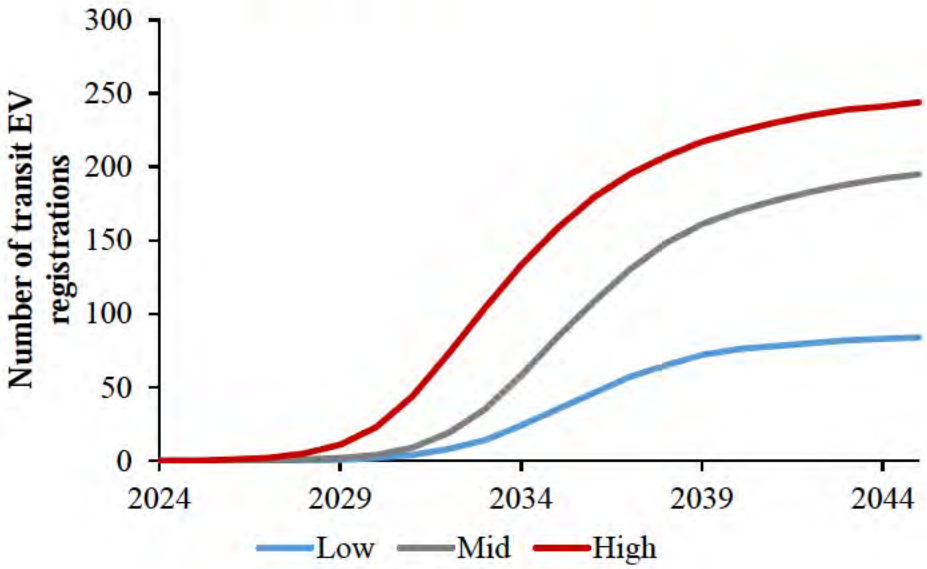


Figure 3-19: MDV EV Adoption: Number of EVs registered in NIPSCO service territory[33]



33 See Table 3-13 for fleet age assumptions. As the makeup of the existing fleet age is unknown, the historical registration data is evenly distributed over the fleet age assumed lifetime to factor in retirements for the turnover analysis.

Figure 3-20: Transit EV Adoption: Number of EVs registered in NIPSCO service territory[34]



3.4.4.2 MDV and Transit EV Energy Use

NIPSCO utilized MDV and transit charging shapes based on a 2016 NREL Study of MDV Electric Delivery Trucks[35] depicted as the "unmanaged" shape in Figure 3-21. This unmanaged shape is used from 2024 through 2030, when a blend of managed charging loads begins to emerge, based on the assumption that time-of-use rates and managed charging infrastructure will begin to displace unmanaged behavior in later years. The managed charging shape was adapted from recent data releases from California IRP proceedings, based on 2021 study from Berkeley Lab.[36] This approach assumes the adoption of TOU rates and managed charging approaches and is used as a baseline future projection for how MDV loads may balance from 2030 to 2045, although some degree of unmanaged charge remains for duration of forecast period. Vehicle efficiency and vehicle miles traveled assumptions are detailed in Table 3-14 and Table 3-15, respectively. Ambient temperature adjustments to the charging profiles are detailed in Table 3-16.

34 See Table 3-13 for fleet age assumptions. As the makeup of the existing fleet age is unknown, the historical registration data is evenly distributed over the fleet age assumed lifetime to factor in retirements for the turnover analysis.

35 https://www.nrel.gov/docs/fy17osti/66382.pdf

36 https://www.energy.ca.gov/sites/default/files/2021-09/5%20LBNL-FTD-EAD-HEVI-LOAD%20Medium-%20and%20Heavy-Duty%20Load%20Shapes_ADA.pdf

Figure 3-21: MDV and Transit EV Charging Shapes

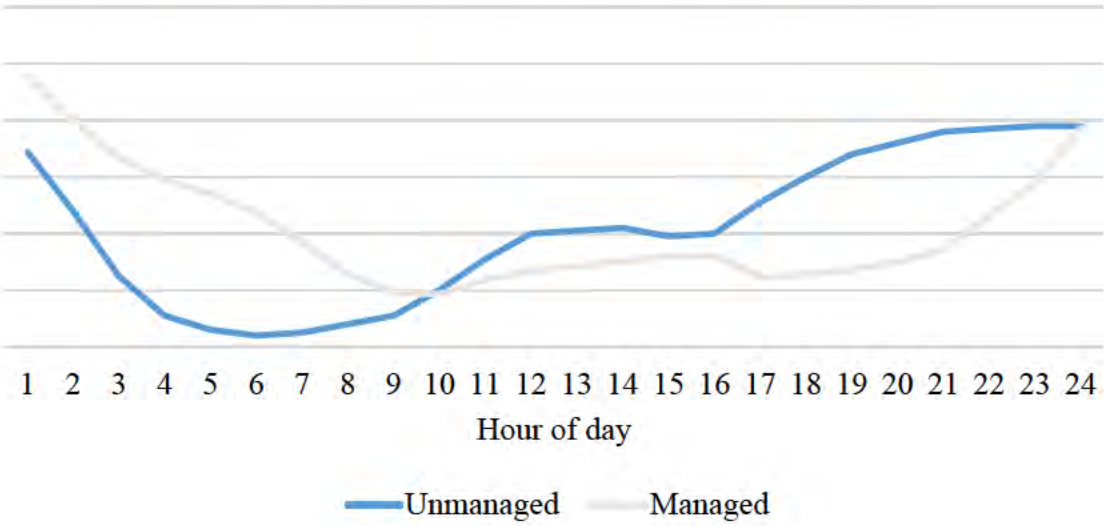


Table 3-14: Assumed Efficiency of MDV And Transit Vehicle Types (kWh/mile)[37]

EV Type	2020	2025	2030	2035	2040	2045	2050
Step Van (MDVs)	1.38	1.27	1.16	1.06	1.03	0.99	0.96
Box Truck	1.45	1.33	1.23	1.13	1.09	1.06	1.02
Bus	3.10	2.84	2.60	2.38	2.30	2.23	2.16
Cutaway	0.49	0.45	0.41	0.38	0.36	0.35	0.34
Minivan	0.49	0.45	0.41	0.38	0.36	0.35	0.34
Over-the-road Bus	3.10	2.84	2.60	2.38	2.30	2.23	2.16
Steel Wheel Vehicles	0.49	0.45	0.41	0.38	0.36	0.35	0.34
Trucks and other Rubber Tire Vehicles	1.12	1.02	0.94	0.86	0.83	0.80	0.78

[37] Assumptions compiled from the following: (1) NREL (2022). 2022 Annual Technology Baseline Transportation Data. (2) MISO (2021) Exploring enhanced load flexibility from grid-connected electric vehicles on the Midcontinent Independent System Operator grid. (3) Characterization of battery electric transit bus energy consumption by temporal and speed variation, published in Energy (2023).

Table 3-15: Vehicle Miles Traveled Per Weekday, Weekend Operation Assumptions[38]

EV Type	Average miles / day	Weekend % of weekday
Step Van (MDVs)	31	75%
Box Truck	45	75%
Bus	119	75%
Cutaway	31	66%
Minivan	31	66%
Over-the-road Bus	119	75%
Steel Wheel Vehicles	31	66%
Trucks and other Rubber Tire Vehicles	75	66%

Table 3-16: Temperature Impact On MDV And Transit Vehicle Miles Traveled[39]

Degree Celsius	MDV % increase in VMT from baseline	Transit % increase in VMT from baseline
-20	30%	42%
-10	20%	38%
0	10%	33%
10	0%	10%
20	0%	0%
30	10%	10%

3.4.5 Heavy-Duty Vehicles

NIPSCO did not assume electrification of native HDVs within the service territory. However, NIPSCO did study truck corridor charging along major roadways within the service territory that included heavy-duty vehicles as a breakout class, as detailed in the next section.

3.4.6 Corridor Charging

In addition to predicting the adoption of EVs for vehicles based in the service territory, NIPSCO explored the potential impact of charging by vehicles that are not based in NIPSCO service territory but travel through the territory via highway corridors. To perform this analysis, NIPSCO contracted with ElectroTempo Inc., a software-based consultancy that specializes in projecting electrical vehicle charging demand and infrastructure. The types of vehicles captured in

[38] U.S. DOE, Average Annual Vehicle Miles Traveled by Major Vehicle Category https://afdc.energy.gov/data/widgets/10309

[39] Information gathered from the U.S. EPA (https://www.epa.gov/system/files/documents/2023-04/elec-schl-bus-cold-weather-consider-2023-04-19.pdf) and the following study: https://www.power.com/community/green-room/blog/impact-climate-range-electric-vehicles

the corridor analysis include delivery trucks and long-haul trucks that choose to exit the highway and recharge within the NIPSCO service territory. This additional charging is counted towards total sales regardless of whether the vehicle starting point or destination falls outside of the service territory.

3.4.6.1 Truck Charging Station Locations, Daily Traffic, and Growth

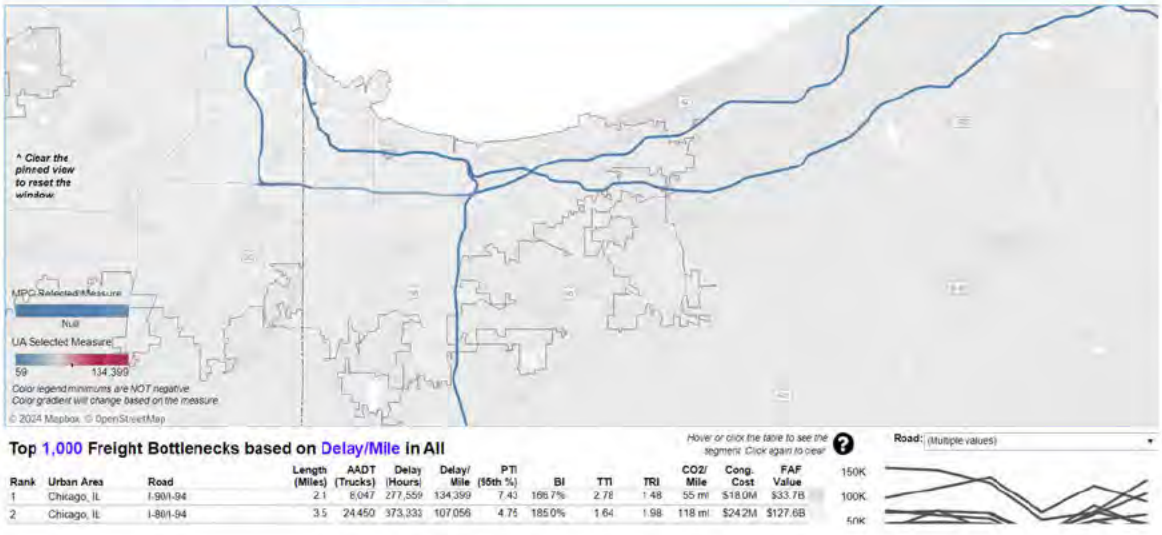
First, NIPSCO identified key traffic corridors within the service territory using Google Maps and satellite imagery. These included I-94, I-90, I-65, I-69, and other state roads (see Table 3-17). Next, NIPSCO located all highway and truck stops with current fueling stations to establish the universe of potential charging locations along the corridors. For this forecast, 43 sites were identified.

Table 3-17: Charging Locations on Each Corridor

Corridor	Sites
I-94	13
State Roads	11
I-90	6
I-65	8
I-69	5
Total	**43**

NIPSCO then estimated daily traffic along the six main corridors using national freight flow surveys and state highway traffic counts reported to the DOT HPMS. From the daily traffic figures, NIPSCO was then able to develop a view of the total daily estimated arrivals at each individual site. Total arrivals in future years were projected from the current estimate through 2035 by applying an annual growth factor based on historical traffic data.

Figure 3-22: DOT HPMS



3.4.6.2 Estimated Electric Vehicle Traffic as Share of Total Traffic

To estimate total relevant vehicle counts by class, NIPSCO applied EV penetration factors that represent the saturation of electric vehicles relative to the total number of vehicles on the road. Using ElectroTempo's EV Growth Simulator, three electric vehicle penetration scenarios were generated to map to NIPSCO's five planning scenarios used throughout this IRP.

The predicted EV saturation for these corridor-based vehicles by 2035 for each class and each scenario is shown in Table 3-18. More detailed saturation trajectories are shown in Figure 3-23 for MDVs and Figure 3-24 for HDVs. The scenarios aim to provide views on lower and higher rates of electrification of the Medium- and Heavy-Duty fleets moving through NIPSCO's service territory in line with NIPSCO's in-service territory analysis, described earlier in this Section. Given the lack of current HDV adoption and additional uncertainty around the future regulatory environment, NIPSCO employed a conservative HDV adoption rate in its reference and low scenarios.

Table 3-18: Predicted EV Saturation by Class and Scenario by 2035

Scenario	MDV	HDV
Low	5%	0%
Ref	14%	2%
High	27%	10%

Figure 3-23: MDV EV Saturation Forecast by Scenario

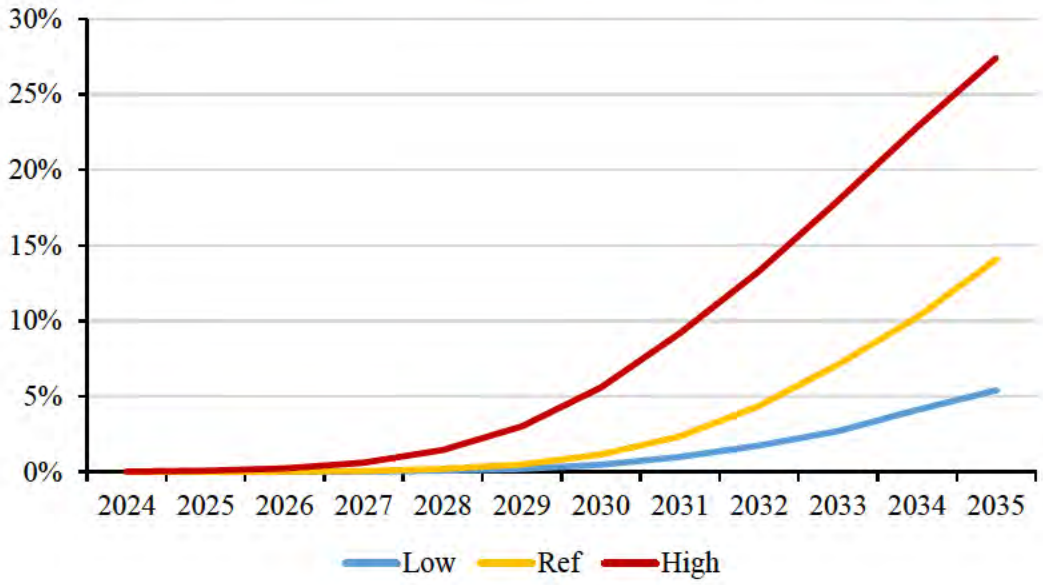
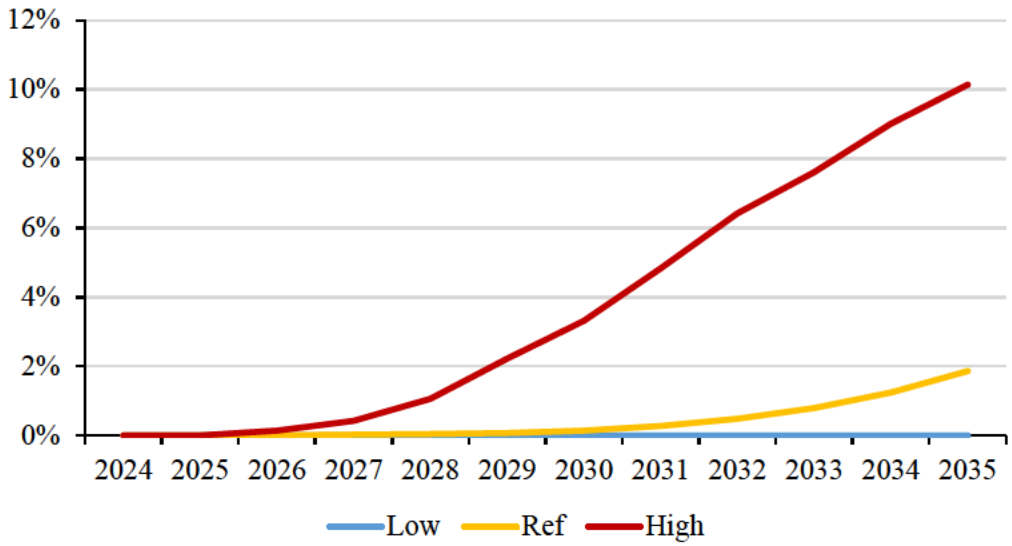


Figure 3-24: HDV EV Saturation Forecast by Scenario



3.4.6.3 Corridor Traffic Patterns and Charging Shape

The total number of EVs stopping at a specific site was calculated using a two-step process. First, the total number of EVs expected to travel by an exit is estimated. Assuming 10% of vehicles choose to stop at an exit,[40] the total daily number of EVs charging at a given exit can be found. Second, the total annual exit charges were divided evenly by the total number of charging sites associated with the given exit. This assumes that, for each exit, total demand is shared evenly between each charging location. The result is the year-by-year average daily count of electric trucks recharging at each of the 43 sites across NIPSCO's main transportation corridors.

Daily arrivals at each site were then distributed over a 24-hour period using the 24-hour arrival profile from the Institute of Transportation Engineers Trip Gen data tool for Truck Stops.[41] For annual aggregation, traffic is assumed to be 25% lower on weekends and federal holidays.

To translate total vehicle charges to energy, NIPSCO identified the class-specific SoC of each vehicle visiting a given fueling/charging point based on its relative positioning to its logical highway endpoints. The corridor endpoints identified in this forecast are included in Table 3-19.

40 The 10% assumption was based on historical data.

41 https://www.ite.org/technical-resources/topics/trip-and-parking-generation/other-resources/

Table 3-19: Defined Highway Segments (US DOT)

Interstate	NW endpoint	SE endpoint
I-65	Chicago	Indianapolis
I-69	Lansing	Fort Wayne
I-90	Chicago	Cleveland
I-94	Chicago	Detroit
US-30	Chicago	Fort Wayne

SoC values were assigned for each route based on one of four categories:

1. Category 1: Route originates at one highway endpoint and terminates at another endpoint. Assume 30% of the battery is charged en route.
2. Category 2: Route originates at a highway endpoint and terminates elsewhere. Assume 60% of the battery is charged en route.
3. Category 3: Route doesn't originate at a listed highway endpoint but terminates at a local endpoint. Assume 30% of the battery is charged en route.
4. Category 4: Route originates and terminates in places other than the highway endpoints. Assume 70% of the battery is charged en route.

Differentiating how SoC values were assigned across length of freight routes also allowed NIPSCO to avoid double counting with at-home charging and local vehicle traffic. This was achieved by assuming that charging needs of vehicles on the shortest routes or those based within the NIPSCO service territory would be lower than demand from vehicles on long-haul routes. For example, a trip that starts in Chicago and ends in Detroit will only charge 30% of its total battery while a vehicle that is charging en route for a trip that might extend across the entire country is assumed to charge 70%.[42]

NIPSCO used the following baseline assumptions for MDVs and HDVs charging along NIPSCO's primary corridors. Medium-duty vehicles, such as single-unit trucks, were assumed to have a 300 kWh battery; Heavy-Duty vehicles were assumed to have a battery size of 600 kWh.

3.4.6.4 Energy and Power Calculation

To return hourly energy consumption, NIPSCO applied the assigned SoC ratios and battery attributes to the 24-hour charging distribution curve for each vehicle class across each segment of the highway. Finally, the total energy consumption for each corridor segment was split between each identified truck charging site to get the hourly energy consumption per site.

[42] Informed by the Freight Analysis Framework Version 5 Data Tabulation Tool." Oak Ridge National Laboratory

Each of the vehicle categories was assigned to a charger rating to calculate power requirements:

- MDV: 150kW
- HDV: 450kW

To calculate peak power demand, NIPSCO employed an hourly energy consumption approach, where hourly energy consumption was matched to the minimum number of required chargers based on vehicle class. This assumes that any required charge below the thresholds above will create a demand of the next highest charger threshold. For example, if two arriving trucks require 50 kWh each for a total of 100 kWh, there will be power demand of 150 kW (one 150 kW charger). This approach may require vehicles to wait for an available charger.

To account for changes in seasonal demand, NIPSCO applied seasonal shaping factors based on the temperature impacts defined in the EVI-Pro-Lite tool. This matches the seasonal variation seen in the native LDV and MDV vehicles and reflects the higher charging demand seen during extreme temperatures, particularly very cold temperatures.

3.4.6.5 Results of Northern Indiana Corridor EV Forecast

In total, power demand over an average 24-hour period across all charging sites is projected to peak at 67 MW. Given the current state of the market, NIPSCO assumes that site operators will be conservative in their investment in charging infrastructure, and vehicle operators will be willing to wait for access to chargers. Thus, the net demand has been modeled to be slightly lower. The average weekday corridor charging shape in 2030 across scenarios is shown in Figure 3-25. Average daily corridor energy consumption for each year of the study period is shown in Figure 3-26.

Figure 3-25: Average Weekday Corridor Charging Shape (2030)

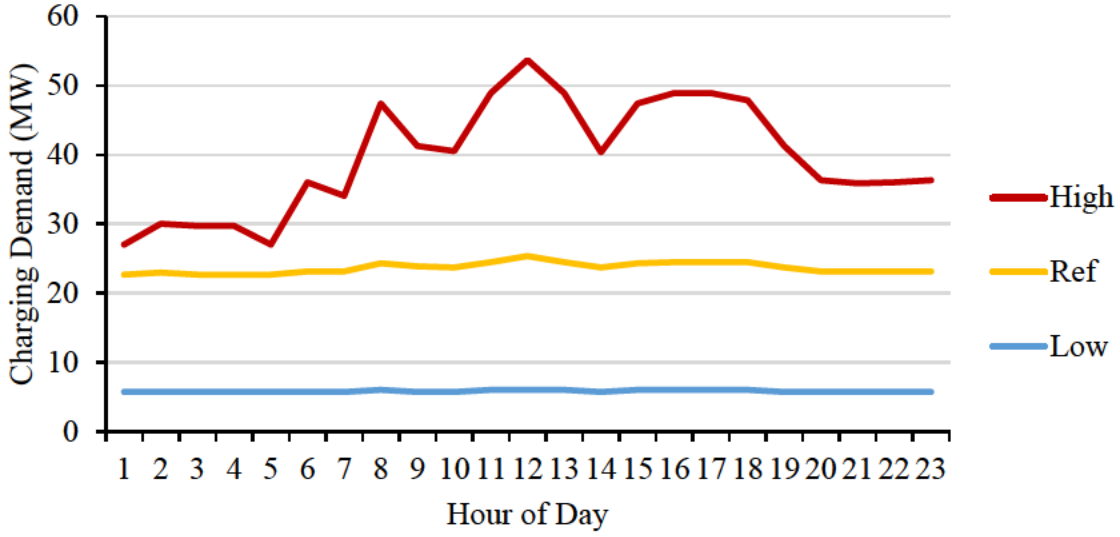
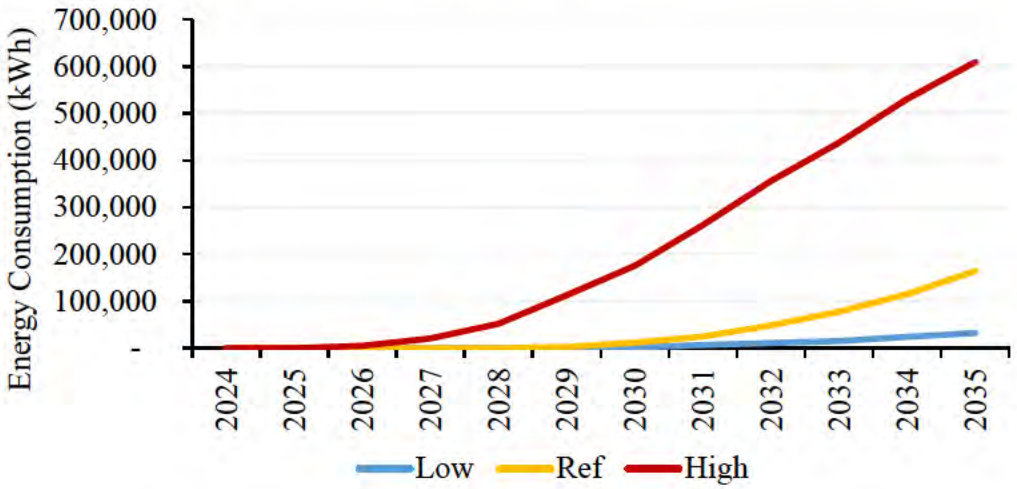


Figure 3-26: Average Daily Corridor Energy Consumption (kWh)



The results of the EV corridor charging forecast indicate that trucks charging en route within NIPSCO's service territory will make up 9.4% of total EV charging sales by 2035 in the reference case. This contribution increases to 21.1% in the high scenario and decreases to 5.1% in the low case, representing the varied states of heavy-duty freight adoption and related charging infrastructure. Total annual sales from corridor-based EV charging across the reference case, low case, and high case are shown in Figure 3-27, Figure 3-28, and Figure 3-29, respectively.

Figure 3-27: Annual Corridor EV Energy Demand – Reference Case (GWh)

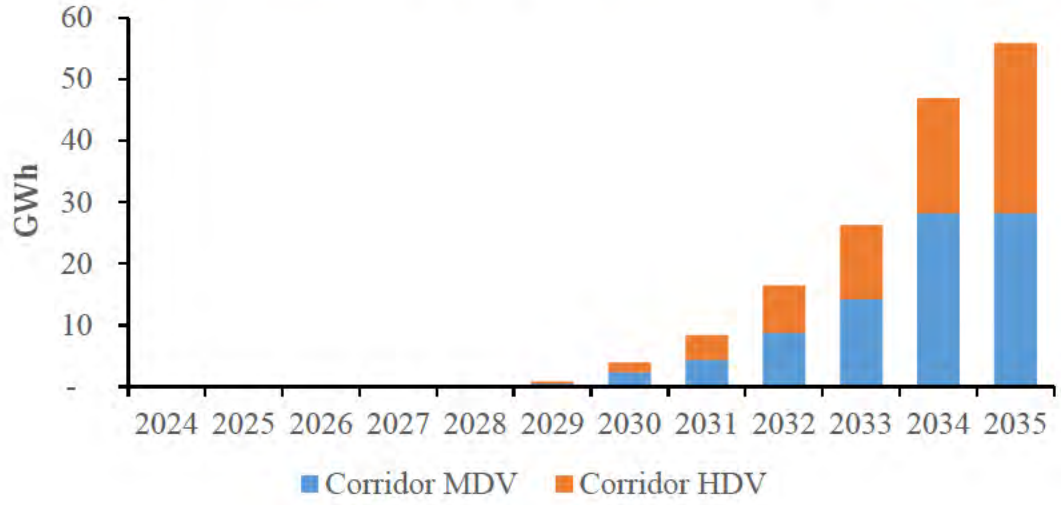


Figure 3-28: Annual Corridor EV Energy Demand – Low Case (GWh)

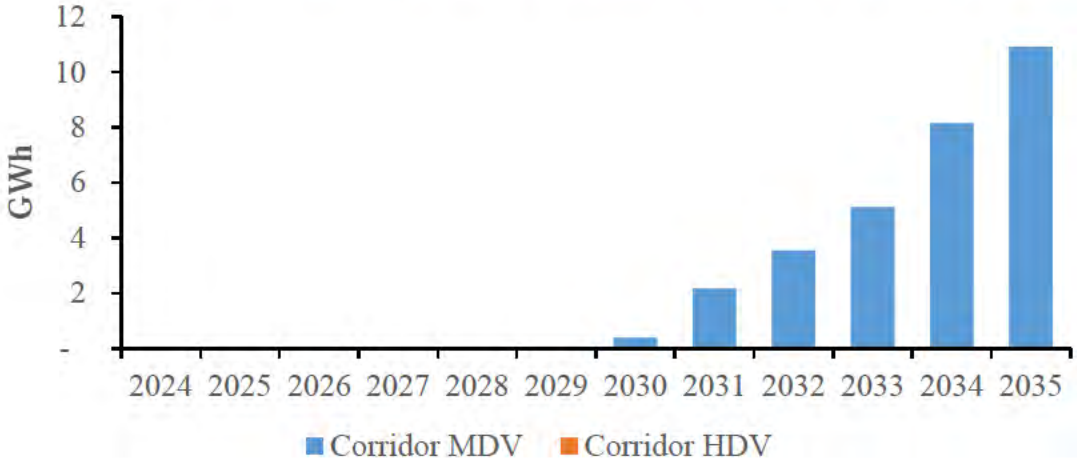
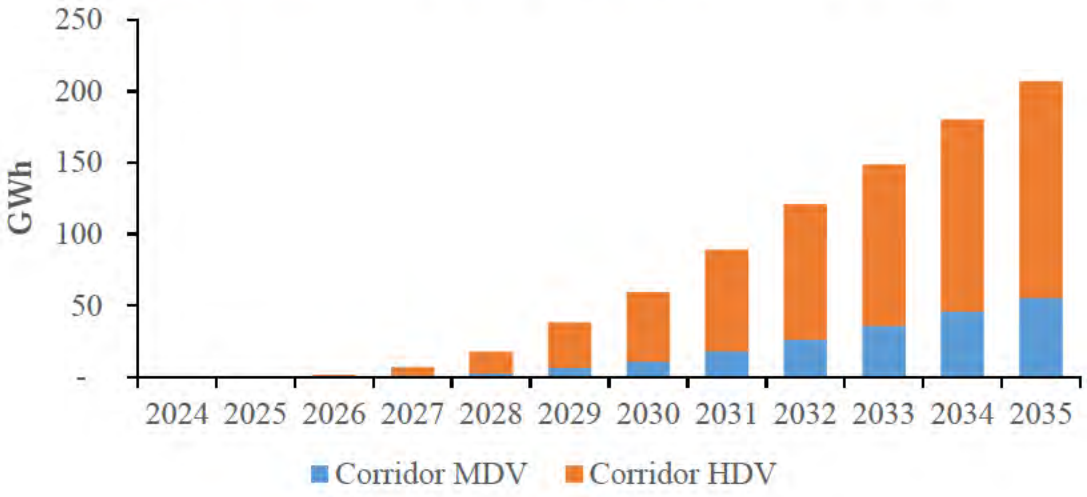


Figure 3-29: Annual Corridor EV Energy Demand – High Case (GWh)



3.4.7 Electric Vehicle Forecast Results

3.4.7.1 Annual EV Energy and Peak Load Forecasts

Annual electric vehicle energy demand for the reference, low, and high cases are shown in Figure 3-30, Figure 3-31, and Figure 3-32, respectively. As seen in these figures, light-duty vehicles are the major driver of EV load across all scenarios. For example, they comprise nearly 85% of total EV demand in 2045 in the reference case. After LDVs, native MDVs are the next greatest driver of increasing energy demand. Lastly, charging from medium- to heavy-duty-vehicles along Northern Indiana's six primary shipping corridors contribute to increasing growth, particularly in the high scenario. Although the low case assumes minimal adoption of heavy-duty electric vehicles, charging for HDVs contributes over a fifth of the total EV charging energy demand by 2035 under the high case.

Figure 3-30: Annual EV Energy Demand – Reference Case (GWh)

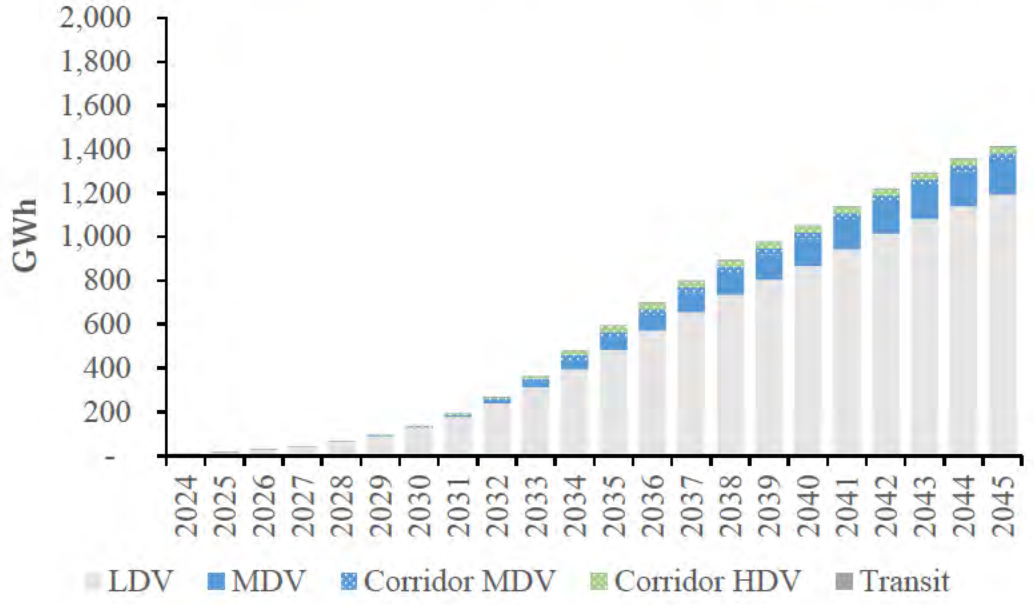


Figure 3-31: Annual EV Energy Demand – Low Case (GWh)

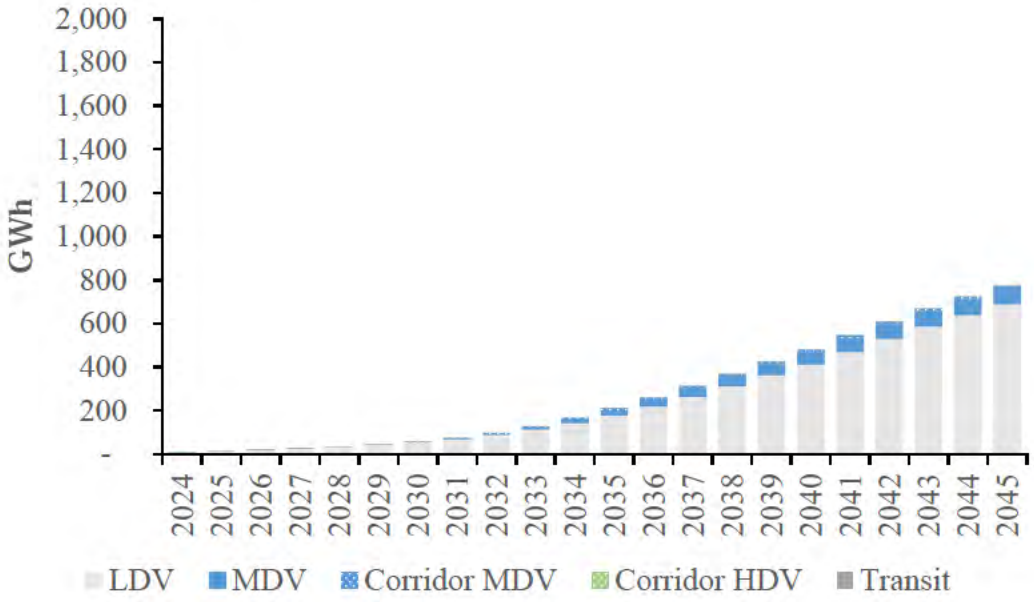
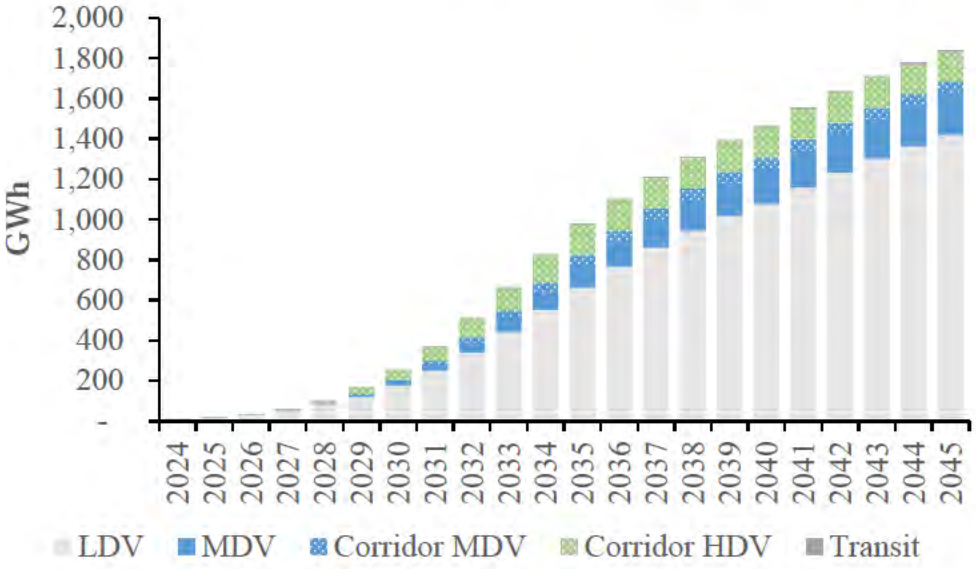


Figure 3-32: Annual EV Energy Demand – High Case (GWh)



3.5 Customer-Owned DERs

Customer-owned DERs are expected to grow throughout NIPSCO's territory, and this may materially impact NIPSCO's net sales and peak demand requirements. To estimate a range of impacts for DER penetration in the 2024 IRP, NIPSCO deployed CRA's agent-based PenDER model - customized and calibrated to NIPSCO's existing database of DER customers - to predict the customer adoption of DERs. NIPSCO's DER study focused exclusively on solar PV resource since this technology type (with or without storage) is expected to be the most widespread DER resource type at the residential and commercial levels.[43] In addition, the study focused on two main customer groups likely to adopt DER: residential and commercial.

3.5.1 Existing Solar Distributed Energy Resources

In its territory, NIPSCO has established DER programs for eligible electric customers (residential and commercial) with small-scale solar, wind, and hydro installations:

- Feed-in Tariff (FiT): Although now closed for intermediate solar systems (10kW – 200 kW), customers registered in this program, can sell power back to NIPSCO at a predetermined rate.[44]
- Net Metering (NM): Under this program, customers can generate their own electricity to offset their monthly usage, and any extra generation receives energy

[43] Note that distributed storage additions to pair with solar DERs were included as part of the Demand Side Management study.

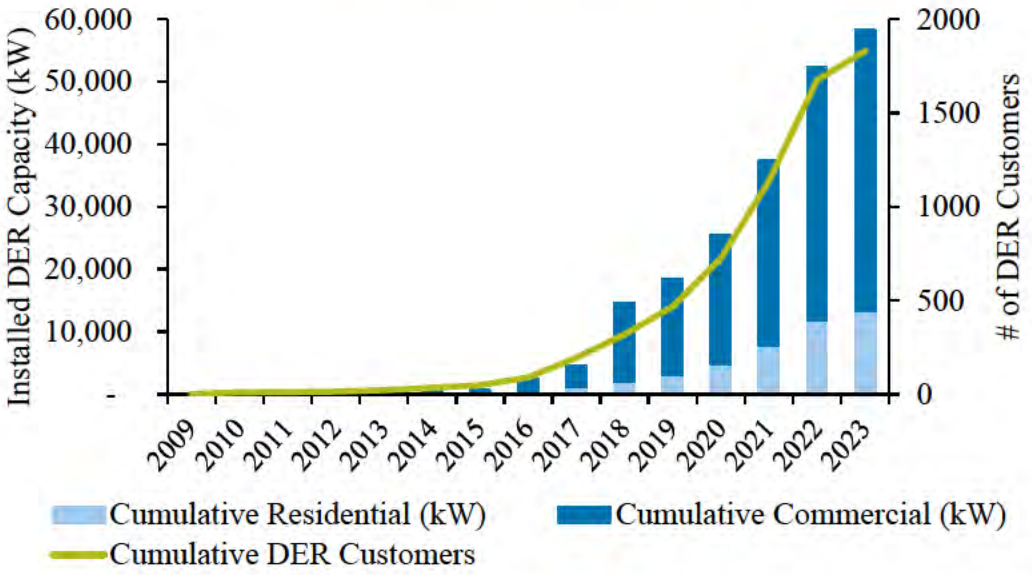
[44] Please find more detailed information on the Feed-in Tariff program here.

credits that can be applied to future usage.[45] However, the program ended on October 1, 2021 for commercial customers and on June 30, 2022 for residential customers.

- EDG Tariff: Currently, the only DER program receiving new applications. Under this tariff, customers with excess generation will receive utility bill credits that can be applied to reduce their future bill by 125% of the wholesale price power for all excess DER generation.[46]

Based on customer adoption data, collected as of September 2023, 1,830 electric customers have installed small-scale solar systems throughout NIPSCO's service territory. Solar DER adoption has increased 32% annually, reaching a total deployment of 58 MW, with residential customers totaling 13 MW and commercial customers totaling 45 MW. Figure 3-33 illustrates the historical cumulative number of customers with DERs and the installed DER solar capacity by customer class, under the NM and EDG programs in the NIPSCO territory. Table 3-20 and Table 3-21 present the existing solar DER Adoption by County within the NIPSCO Territory for residential and commercial customers. Among residential customers, 80% of the solar DER adoption is concentrated in four counties: Elkhart, Lake, LaPorte, and Porter. On the commercial side, 78% is concentrated in five counties: Elkhart, Lake, LaPorte, LaGrange, and Kosciusko.

Figure 3-33: Cumulative Total DER Customers and Solar DER Adoption by Customer Class under NM and EDG Programs



Approximately 16 customers have adopted solar plus battery systems, totaling 98 kW, with an average two-hour battery duration. Most storage systems have been installed by residential customers, with an average solar to storage ratio of 1.5:1.

45 Please find more detailed information on the Net Metering program here.

46 Please find more detailed information on the Excess Distributed Generation Tariff here.

Table 3-20: Existing Residential (Res.) Solar DER Adoption, by County, within the NIPSCO Territory

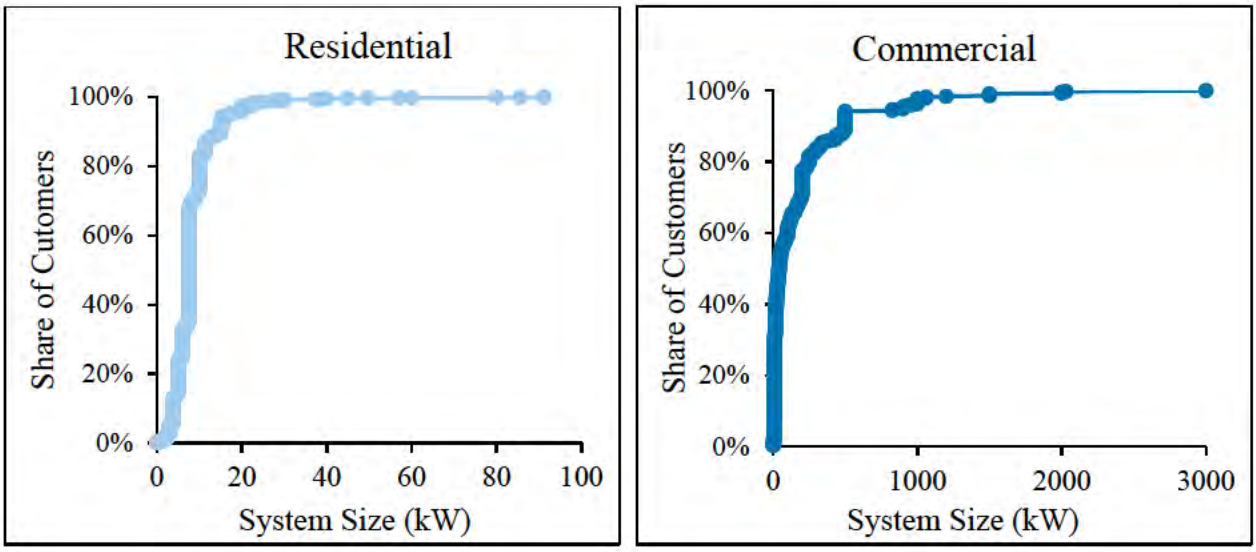
NIPSCO Counties	Total Res. Customers	Res. Solar DER Customers	% Res. Customers with Solar DER	Total Res. Solar DER (kW)
Benton	3,592	7	0.2%	60
Carroll	6,477	13	0.2%	113
DeKalb	3,035	23	0.8%	272
Elkhart	44,330	477	1.1%	4,830
Fulton	4,487	24	0.5%	248
Jasper	11,026	28	0.3%	277
Kosciusko	19,847	61	0.3%	587
LaGrange	6,841	31	0.5%	292
Lake	239,312	422	0.2%	3,181
LaPorte	54,911	192	0.3%	1,544
Marshall	7,026	15	0.2%	112
Newton	3,760	17	0.5%	141
Noble	1,126	4	0.4%	30
Porter	68,129	161	0.2%	1,264
Pulaski	2,368	8	0.3%	90
St. Joseph	171	3	1.8%	23
Starke	287	1	0.3%	8
Steuben	9,662	21	0.2%	153
White	532	4	0.8%	60
Total	486,919	1,512	0.3%	13,284

Table 3-21: Existing Commercial (Com.) Solar DER Adoption, by County, within the NIPSCO Territory

NIPSCO Counties	Total Com. Customers	Com. Solar DER Customers	% Com. Customers with Solar DER	Total Com. Solar DER (kW)
Benton	636	3	0.5%	230
Carroll	1,027	4	0.4%	536
DeKalb	415	14	3.4%	1,322
Elkhart	5,691	115	2.0%	19,222
Fulton	627	3	0.5%	360
Jasper	1,475	10	0.7%	1,500
Kosciusko	2,889	15	0.5%	3,219
LaGrange	1,337	20	1.5%	4,042
Lake	21,673	24	0.1%	2,810
LaPorte	6,097	51	0.8%	5,913
Marshall	1,060	10	0.9%	1,327
Newton	593	3	0.5%	311
Noble	178	4	2.2%	236
Porter	6,629	15	0.2%	1,682
Pulaski	328	1	0.3%	8
St. Joseph	31	0	0.0%	-
Starke	52	0	0.0%	-
Steuben	1,691	9	0.5%	1,942
White	136	7	5.1%	210
Total	52,565	308	0.6%	44,869

The average system size for residential customers is 8.6 kW, with a median of 7.6 kW, and approximately 80% of installed systems are below 10 kW. For commercial customers, the average system size is 178 kW, with a median of 40 kW, and around 60% of installed systems are below 100 kW, indicating higher system size diversity among commercial customers. For commercial customers, in recent years, following the EDG rate program implementation, system sizes have averaged 125 kW (median of 35 kW). Figure 3-34 illustrates the system size distribution of the historical adoption of solar DER systems for residential (left) and commercial (right) customers.

Figure 3-34: Solar DER System Size Distribution under Residential (left) and Commercial (right) Customers



3.5.2 Customer-Owned Distributed Energy Resource Projections

3.5.2.1 PenDER Model Description

PenDER is an agent-based model developed by CRA that simulates the adoption decisions and interactions via social networks of thousands of autonomous agents to provide granular forecasting of DER adoption. Techno-economic variables and demographic characteristics of the simulated agents contribute to an individual agent's probability to adopt DER based on an economic review of retail rate expectations, wholesale rates projections, the costs of installing DER, and potential financial incentives.

- The techno-economic variables deployed in the PenDER modeling for NIPSCO's 2024 IRP include:
  - The capital cost of a solar PV system, inclusive of expected ITC benefits
  - Solar capacity factor and solar system lifetime expectations
  - Average solar DER system size
  - Retail rates and wholesale rates projections (for EDG)
  - Assumptions for customer discount rate and for inflation rate
- The socio-economic and demographic data required to characterize customer groups (agents) in PenDER consist of:
  - Existing population with DER adoption
  - Household income
  - Total housing units and housing characteristics (detached, attached, apartments, etc.)
  - Business type

- Energy usage

The combination of the techno-economic variables and agent income levels are then used to develop a calculation of payback period and household budget to assess the probability of DER adoption through a calibrated logit probability function.

While economics play an important role in the decision to install DER, the personal propensity and communal influences to adopt new technology also play a role, as described through the Bass diffusion model of technology forecasting.[47] Therefore, the simulated agents are randomly assigned a "Bass innovation index," representing their personal propensity on a scale of early adopters to laggards of a new technology. Relationships between agents are modeled through "social networks," with an average size of 13 agents belonging to one network. As more agents in one's network adopt DER, the more likely a given agent will also adopt.

Ultimately, PenDER was set up for each county with the NIPSCO territory, where an agent's decision to adopt DER is influenced by the combination of techno-economic factors (through payback period and household budget) as well as personal and communal influences (through personal preferences and network effects).

3.5.3 Key Input Assumptions

NIPSCO developed techno-economic assumptions for each of its five market scenarios[48] to develop a range of potential future customer-owned solar DER penetration levels. The techno-economic input assumptions for PenDER used in NIPSCO's 2024 IRP under each scenario are summarized in Table 3-22 and described in more detail in the remainder of this section.

Table 3-22: Solar DER Techno-economic Assumptions by Scenario

	Reference Case	Slow Transition	Domestic Resiliency	Aggressive Environmental Regulation	Accelerated Innovation
	Ref	ST	DR	AER	AI
Capital Cost	Med	High	High	Med	Low
ITC	Current Policy	Early IRA phase out	Current Policy	Current Policy	Current Policy
Wholesale Rates Growth	Base	Low	High	High	Base
DER Program	EDG continues through 2045	EDG continues through 2045	EDG continues through 2045	EDG transitions back to NM Program	EDG continues through 2045

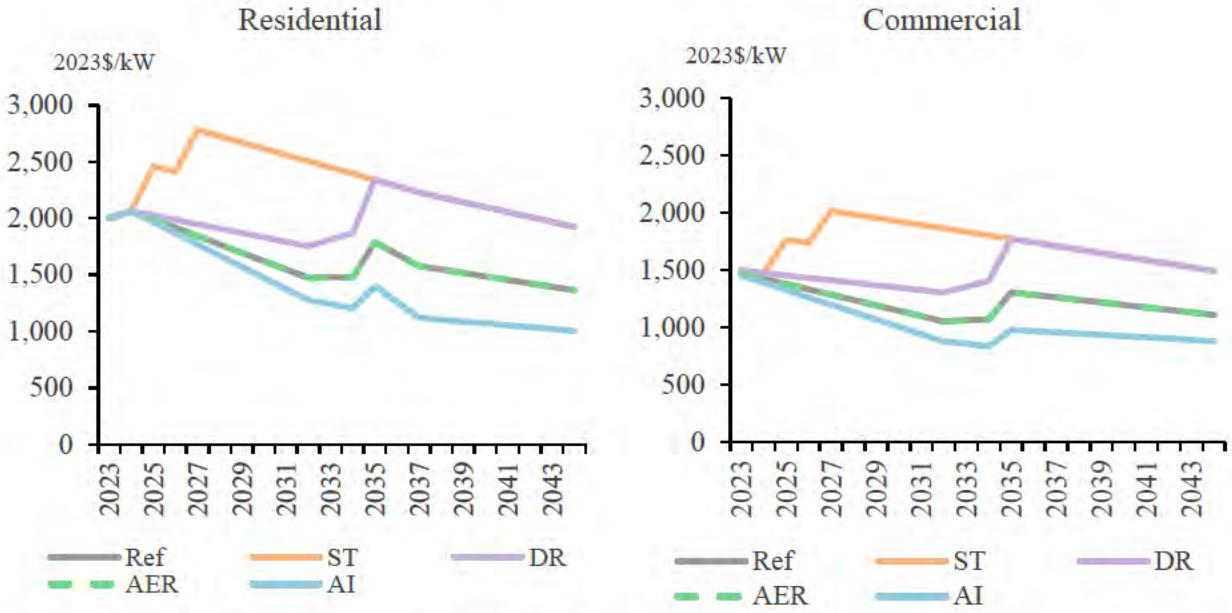
Capital Cost and Tax Credit Inputs: Assumptions regarding capital cost projections, capacity factor, and lifetime for solar PV were taken from NREL's 2023 Annual Technology Baseline for

47 See Bass, F. (1969). "A New Product Growth for Model Consumer Durables." *Management Science*. 15 (5): 215-227

48 Note that NIPSCO's five scenarios are described in more detail in Section 8.

the Advanced (Low cost), Moderate (Medium cost), and Conservative (High cost) cases for both residential and commercial solar PV technologies – Class 5 Rooftop PV.[49] Assumptions regarding the federal ITC were consistent with the provisions under the IRA and with those defined across NIPSCO's five core planning scenarios, where solar ITC benefits are available until 2035 in all but one scenario.[50] Figure 3-35 shows the solar DER system cost trajectories for residential (left) and commercial (right) customers by scenario, inclusive of the impact of the federal ITC.

Figure 3-35: Solar DER System Cost Trajectories by Case, including ITC, for Residential (left) and Commercial (right) Customers



Wholesale Rate Real Growth Rate: Wholesale rate growth is uncertain and dependent on NIPSCO's generation plan, commodity prices, the wider MISO market, regulatory policy, transmission and distribution system cost drivers, and several other factors. NIPSCO developed a range of wholesale rate real growth rates with broad alignment to NIPSCO's five core planning scenarios. The Reference and AI scenarios assume a base annual growth rate of 0.7%, the ST scenario has a lower rate growth of 0.2%, the DR scenario has a higher annual growth rate of 1.2%, and the AER has the highest wholesale growth rate of 3.6%.

Net Metering / Excess Distributed Generation: NIPSCO's Net Metering and Excess Distributed Generation programs are governed by Indiana Code Ch. 8-1-40 and the Commission's Rules and General Administrative Orders. The DG Statute establishes the methodology under which NIPSCO procures electricity supplied by customers with qualifying distributed generation resources and offsets the cost of the electricity supplied to such customers. The DG Statute requires that an electricity supplier's net metering tariff remain available until the earlier of the following: "(1) January 1 of the first calendar year after the calendar year in which the aggregate amount of

[49] NREL (National Renewable Energy Laboratory), 2023. 2023 Annual Technology Baseline. Golden, CO.
[50] Note that under the Slower Transition scenario, the ITC is assumed to phase out by 2026.

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." As of January 1, 2021, the aggregate amount of net metering facility nameplate capacity under NIPSCO's net metering tariff exceeded 1.5% of its most recent summer peak load (the statutory threshold), and NIPSCO filed Cause No. 45505 to gain Commission approval for an Excess Distributed Generation Rider. Since the NIPSCO Excess Distributed Generation Rider was approved, PenDER simulated most future scenarios under the EDG program. In one scenario–AER–a transition back to a rate design similar to the prior NM rate is assumed. These policy scenarios were designed to assess a broad range of potential DER penetration outcomes.

Solar System Characteristics: Information regarding the average size of DER solar installations currently on NIPSCO's system was used to define future system sizes. Historical system size averages are approximately 8 kW for residential customers and 125 kW for commercial customers. NIPSCO estimated CF for the DER systems based on NREL's 2023 Annual Technology Baseline for both residential and commercial solar PV technologies – Class 5 Rooftop PV – and assumed a 25-year life for solar projects.

Financial Inputs: Assumptions regarding the financing of PV systems, namely the WACC, were developed based on the rationale that the WACC for residential and commercial customers would be at a premium to the financing costs for utility-scale solar. NIPSCO also has assumed that small customers (i.e., residential) have higher financing costs than larger-scale customers with better access to capital.

Table 3-23: Residential and Commercial Project Parameter Assumptions

	Residential	Commercial
Average PV Size	8 kW	125 kW
Solar CF	15.5%	15.5%
Solar Lifetime	25 years	25 years
Inflation	2.1%	2.1%
Real After-Tax WACC	7.00%	6.00%

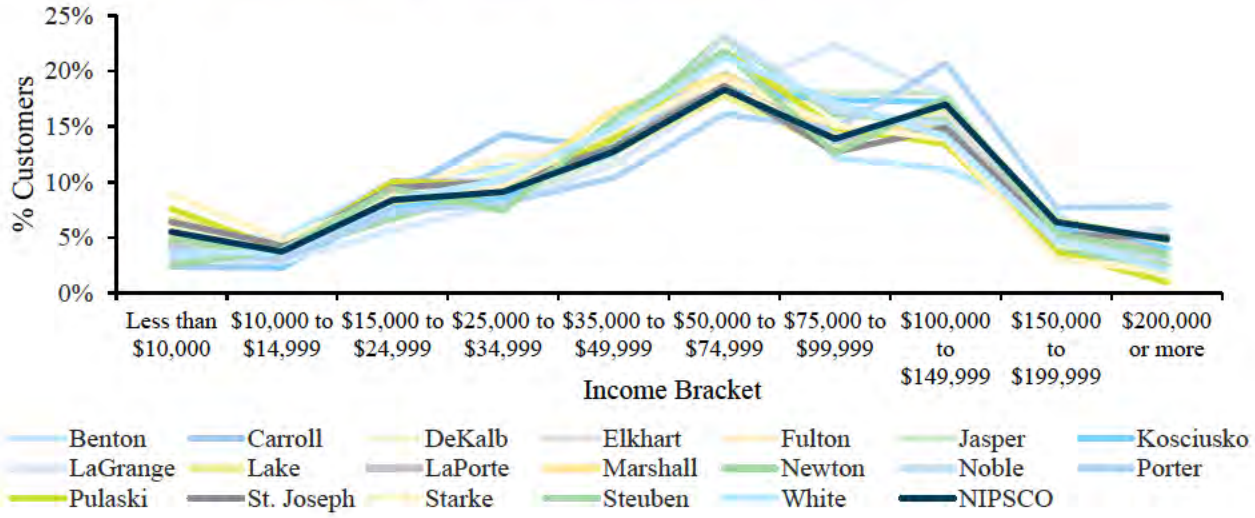
Household Income: Household income distributions by county within the NIPSCO territory were determined from the ACS. The ACS is a nationwide survey that collects and produces information on demographic, housing, economic, and social characteristics of the nation's population every year.[51] Household income is defined as the "pretax cash income of the householder and all other people 15 years and older in the household, whether or not they are related to the householder."[52] For each county, agents in the PenDER model were assigned a household income level to preserve consistency with the distribution of income levels, by county, in NIPSCO's service territory from

[51] For more detailed information referred to ACS's website.

[52] Guzman, G. (September 2020). "Household Income: 2019". *American Community Survey*. https://www.census.gov/content/dam/Census/library/publications/2020/acs/acsbr20-03.pdf

the ACS's five-year *Selected Economic Characteristics* Table.[53] Figure 3-36 shows the county-level household income distribution assumptions used in the model. On average, 42% of residential customers, across counties, report a medium income above $75,000/year (U.S. median household income, based on 2022 ACS data), with a distribution range between 32% and 51%.

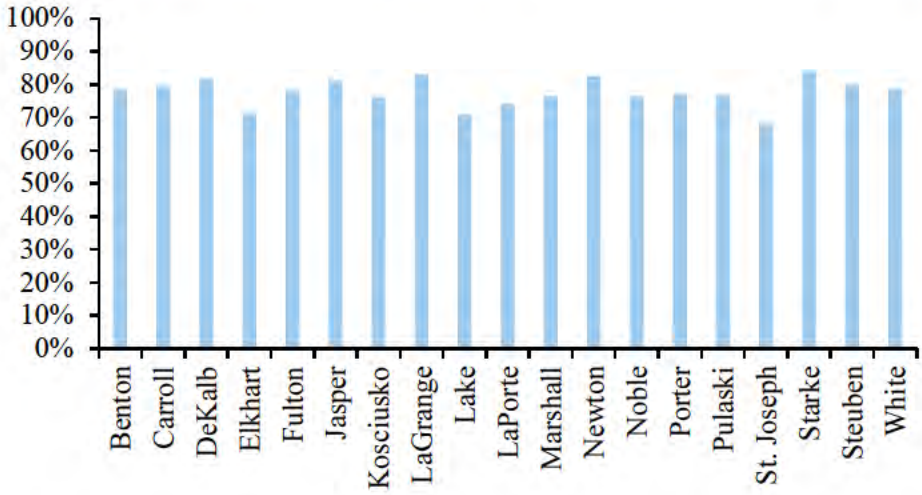
Figure 3-36: Household Income Distribution by County



Housing Units: The single-detached, owner-occupied housing units, by county, were also assessed from the ACS to determine the total population of agents with the potential to adopt solar DER. Figure 3-37 shows the estimated maximum percentage of customers with the potential to install solar DER systems.

[53] Retrieved from the ACS's 2022 Data Release.

Figure 3-37: Estimated Percentage Customers with Solar DER Potential



Solar DER-related Grants: On April 22, 2024, the city of Gary, located in Lake County, Indiana, was awarded a monetary grant from the U.S. Environmental Protection Agency for low-income solar projects, under the *Solar for All* program.[54] In PenDER, it is assumed that, approximately 3,000 low-income residential customers will install solar DER systems through this grant.

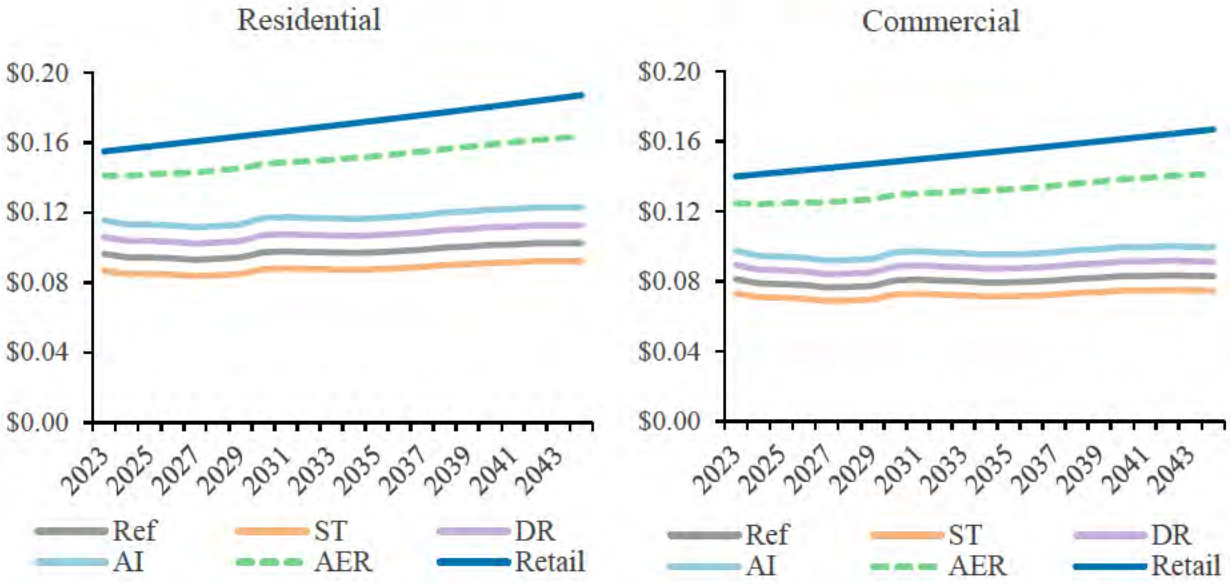
Bass Innovation Index Parameters: By using NIPSCO's customer adoption numbers from 2012 through 2023 from the Net Metering program, PenDER's bass innovation index parameters were calibrated to match historical adoption decisions (using historic retail rates and solar PV capital costs).

Based on the input assumptions described above, internally, for each simulation, PenDER calculates the following parameters assigned to each agent:

- **System Value**: For each agent, the expected cash inflow, resulting from installing a solar DER system, is estimated as annual production (based on expected solar capacity factor), in kWh, multiplied by the inferred retail rate savings as well as the monetization of excess generation at the wholesale rate in $/kWh. Figure 3-38 shows the estimated value streams for residential (left) and commercial agents (right) by scenario. The ST scenario exhibits lower value than the Reference scenario due to lower wholesale rates, while other scenarios assume higher retail and wholesale rates, which increase value for the DER. The AER scenario assumes excess generation can be valued at the retail rate. Note that for commercial customers, a greater percentage of value is assumed to be derived from the retail rate savings than for residential customers even though retail rates are lower.

54 For more information, refer to EPA's Solar For All Program.

Figure 3-38: Solar DER Value Streams, in 2023$/kWh, for Residential (Left) and Commercial (Right) Customers, by Scenario



- **Customer Budget**: A budget is assigned to each agent via probability distribution, informed by the 2022 ACS five-year census estimates. The customer budget parameter is omitted from the commercial customer forecast, as commercial agents are assumed to act economically and can utilize loans.

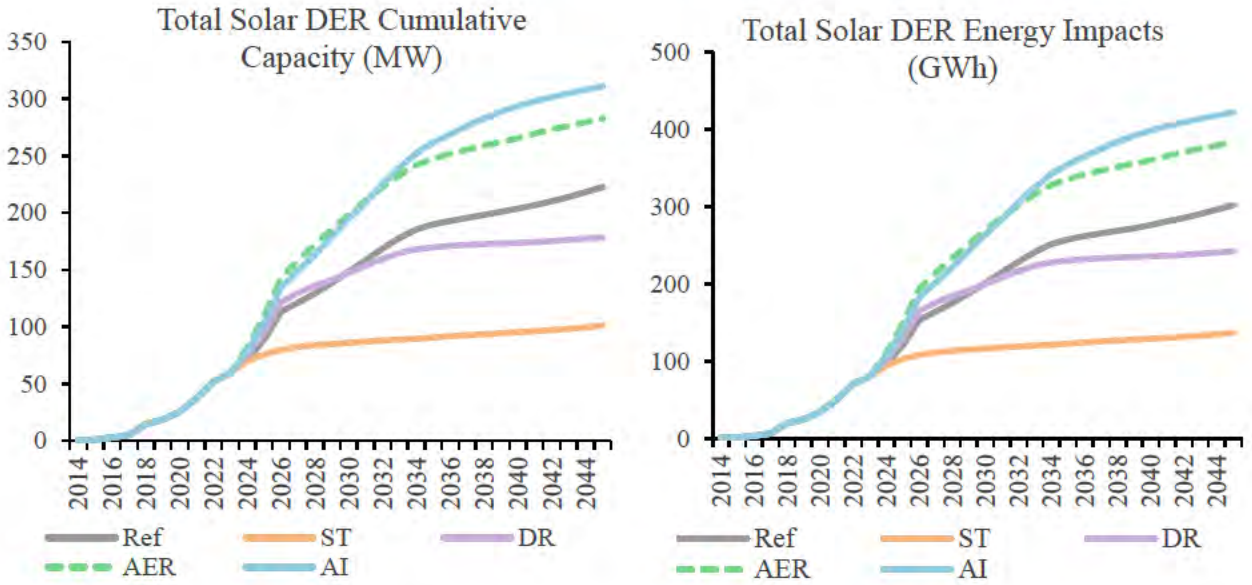
- **Payback Period**: Based on the upfront PV system capital cost, the cash flow from renewable energy incentives (i.e., EDG rates), discount rate, and solar PV lifetime, the payback period is determined by the number of years of discounted annual revenues that are required to cover the upfront PV system cost.

3.5.3.1 DER Forecast Results

Using all the input assumptions outlined above, NIPSCO deployed the PenDER model to estimate a range of DER penetration levels across the five major planning scenarios. Projections for total cumulative customer-owned solar DER installations and associated cumulative energy impacts, by scenario, are summarized in Figure 3-39,[55] while the disaggregated results for the residential customer class are shown in Figure 3-40, and the results for the commercial class are presented in Figure 3-41. In aggregate, a range of approximately 100 MW to 310 MW of DER capacity is projected across scenarios by 2045.

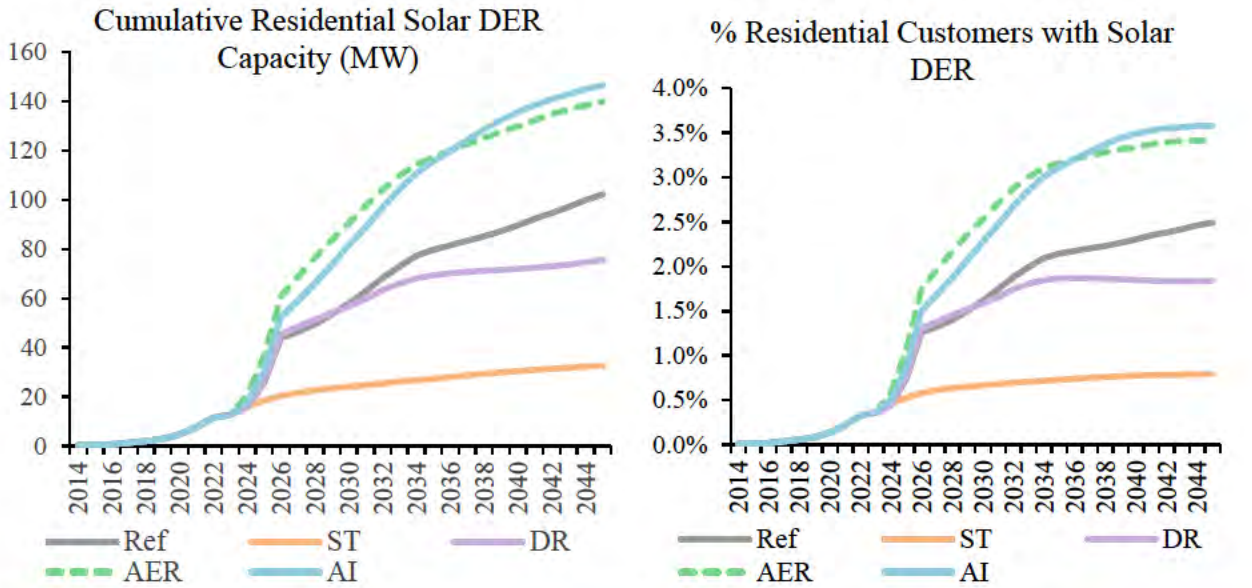
[55] Note that this graphic displays energy projections at the customer meter. For purposes of inclusion in the IRP load forecast modeling, NIPSCO grossed up the energy impact by 5% to incorporate line losses.

Figure 3-39: Projected Cumulative Customer-Owned DER Installations (MW) and Associated Energy (GWh) Impact, by Scenario



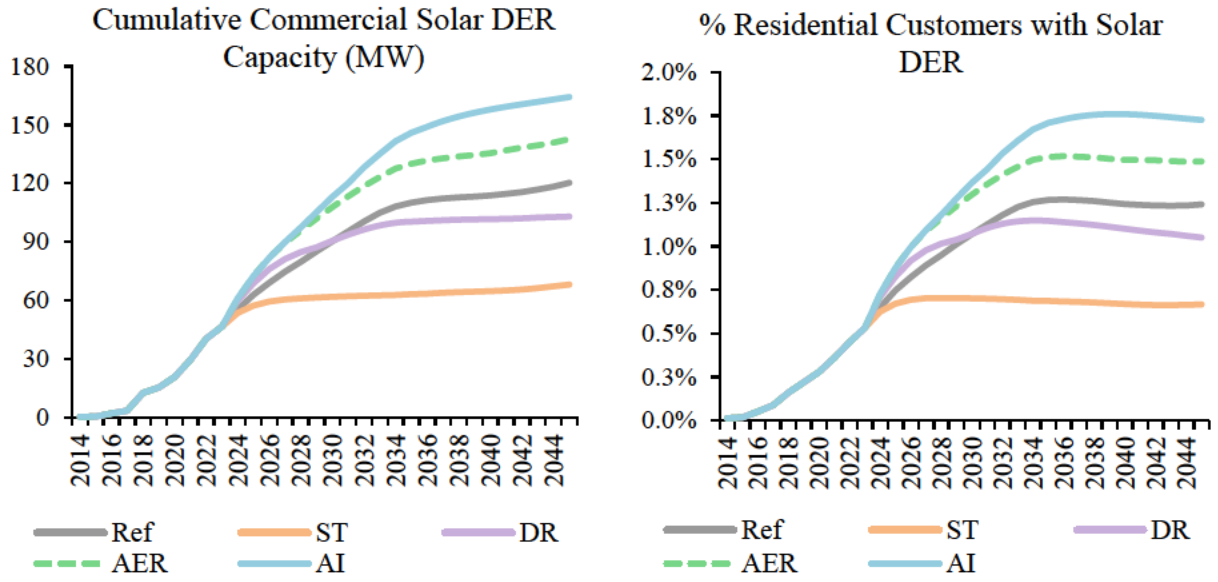
Across scenarios, it is estimated that between 0.8% and 3.6% of residential customers will install solar DER systems by 2045. There is a notable uptick in expected penetration in the early years, driven in part by the implementation of the Solar for All program among residential customers in selected counties. Over the long term, growth is impacted by scenario variables associated with system costs, system value, and social network effects. The solar DER penetration forecast for residential customers is summarized in Figure 3-40.

Figure 3-40: Projected Solar DER Penetration for the Residential Class, by Scenario



Across scenarios, it is estimated that between 0.7% and 1.7% of commercial customers will install solar DER systems by 2045. Despite an overall lower percentage of commercial customer adoption, commercial solar DER installations have far larger system sizes, pushing total installed capacity higher (depending on the scenario) than residential values. The solar DER penetration forecast for commercial customers is shown in Figure 3-41.

Figure 3-41: Projected Solar DER Penetration for the Commercial Class, by Scenario



3.6 Large Economic Development Loads

Following NIPSCO's first IRP Stakeholder Advisory meeting held on April 23, 2024, there was a significant increase in data center announcements in Indiana, including one public announcement in the NIPSCO service territory. In response to this development and its potential impact on future energy demand in the service territory, NIPSCO updated its Reference Case load forecast and developed an additional large load sensitivity load forecast.

NIPSCO and Indiana are both attractive to data center developers due to many favorable factors, such as a low risk for natural disasters; robust transmission network and reliability; available land at relatively reasonable prices; telecommunication connectivity and fiber optic cable; access to water; and proximity to customers, major metropolitan areas, and construction labor. Additionally, Indiana is a pro-business state with strong incentives for data center development. Indiana provides a sales and use tax exemption on purchases of qualifying data center equipment and energy to operators of a qualified data center for a period not to exceed 25

years for data center investments of less than $750 million.[56] Local governments have also provided local tax abatements and incentives on qualified enterprise information technology equipment to owners of a data center who invest at least $25 million in real and personal property in the facility, furthering incentives and likelihood of future data center load in Indiana and NIPSCO's service territory.[57]

At the time of the second NIPSCO IRP Stakeholder Advisory meeting held on June 24, 2024, there were six active data center projects in NIPSCO's service territory that had begun or taken steps to begin development activities and in were in discussions with NIPSCO. These six projects are initially expected to increase NIPSCO's anticipated annual total peak demand up to approximately 8,600 MW by 2035. As such, these new loads were an essential component in the 2024 IRP core analytical framework.

NIPSCO has an obligation to serve current and expected load from existing customers in its service territory and to reasonably plan for potential load growth. NIPSCO has developed perspectives on how much new large load may enter the system over time. NIPSCO estimated the potential energy demand from these projects in consultation with NIPSCO's Economic Development team and other internal subject matter experts. Projections were based on prospective and actual near-term customer prospects, as well as potential long-term industry-wide growth trends. These internal and industry projections were incorporated into the 2024 Load Forecast through the development of load projections for new projects that are expected to come online beginning in 2028 through 2035 ("Large Economic Development projects"). Figure 3-42 displays the anticipated incremental load attributable to Large Economic Development projects in the NIPSCO service territory. The Reference Case load forecast includes 600 MW of new demand attributable to Large Economic Development projects beginning in 2028. To account for further data center and large industrial load growth over the IRP horizon, new demand attributable to Large Economic Development projects rises to approximately 2,600 MW by 2035.

[56] If the investment exceeds $750M, the Indiana Economic Development Corporation may award an exemption for up to 50 years. This program is established by Indiana Code § 6-2.5-15.

[57] St. Joseph County and the City of LaPorte have both offered incentives to recently announced data center developments. ***See*** https://nwindianabusiness.com/community/economic-development/microsoft-chooses-la-porte-as-first-indiana-data-center-location/65133/ and https://www.wvpe.org/wvpe-news/2024-05-31/st-joseph-county-officials-eye-tax-breaks-for-massive-amazon-data-center

Figure 3-42: Projected New Large Load Additions

	2028	2030	2035
IRP Peak Load – Original Reference Case	2,300 MW	2,300 MW	2,500 MW
+New Load Added to All IRP Scenarios	*600 MW*	*1,600 MW*	*2,600 MW*
IRP Peak Load – New Reference Case	**2,900 MW**	**3,900 MW**	**5,100 MW**
+Emerging Load Sensitivity	*2,600 MW*	*4,500 MW*	*6,000 MW*
Total IRP Peak Load with Emerging Load Sensitivity	**5,500 MW**	**8,400 MW**	**11,100 MW**

The six aforementioned Large Economic Development projects are part of a potential wave of increased economic activity in the Northwest Indiana region, largely resulting from potential increased demand for data centers and related cloud storage/computing services. NIPSCO included the Emerging Load scenario to account for increased data center demand beyond the Reference Case. The Emerging Load projects 3,200 MW in new demand by 2028 and rising to 8,600 MW of new demand by 2035.

The anticipated growth in demand related to Large Economic Development project load is a new and rapidly changing phenomena in the NIPSCO service territory. NIPSCO's analysis in the 2024 IRP was intended to provide initial guidance with the facts available at the time the core analysis was conducted. NIPSCO, however, will continue to monitor and evaluate the development of Large Economic Development projects in the coming years. Further, NIPSCO will continue to refine its analysis of potential Large Economic Development load additions in future IRPs and other long-term portfolio planning analyses.

3.7 All-in Load Summary

Figure 3-43 depicts total net energy for load across customer classes in the Reference Case inclusive of adjustments from EVs, DERs, and new Economic Development loads, as well as losses associated with transmission and distribution.[58] Figure 3-43 below shows the contributions of all customer classes and load types to summer and winter peak load across all years in the reference case.

The largest diver of load growth in the Reference case is new loads associated with large Economic Development projects in the region. In the Reference case, these projects are projected to contribute 2,600 MW of peak load above the base forecast, making up nearly 50% of total summer peak demand and growing at a CAGR of 17.4% between 2027 and 2034.

[58] Note that a loss factor of 4.62% was assumed to arrive at the "net energy for load" forecast that must be served by NIPSCO's generation resources. Transmission system losses are 1.62% and distribution system losses are 3%.

Figure 3-43: Total Net Energy for Load by Customer Class, with Adjustments (MW)

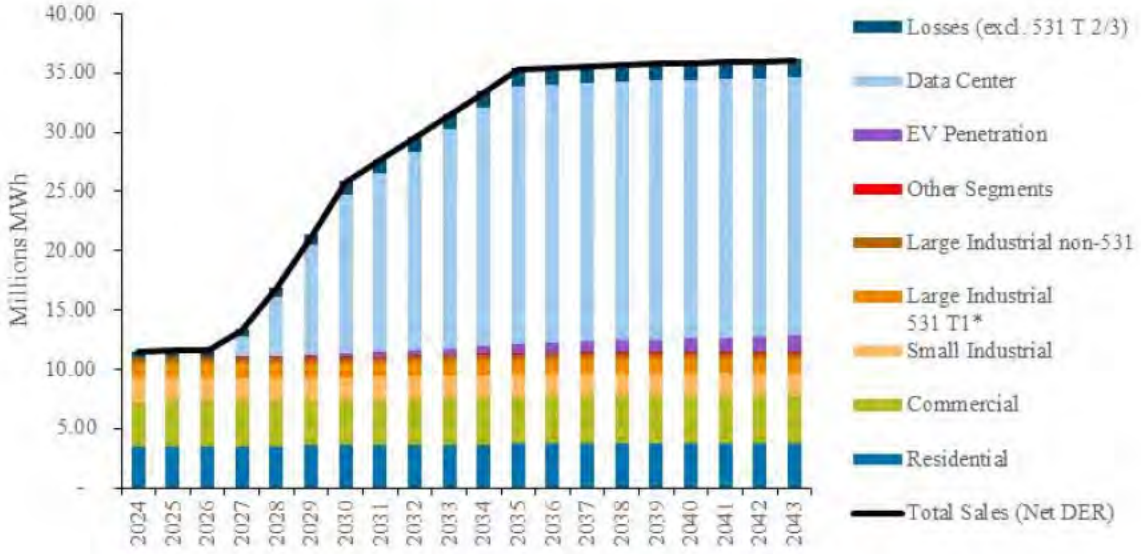
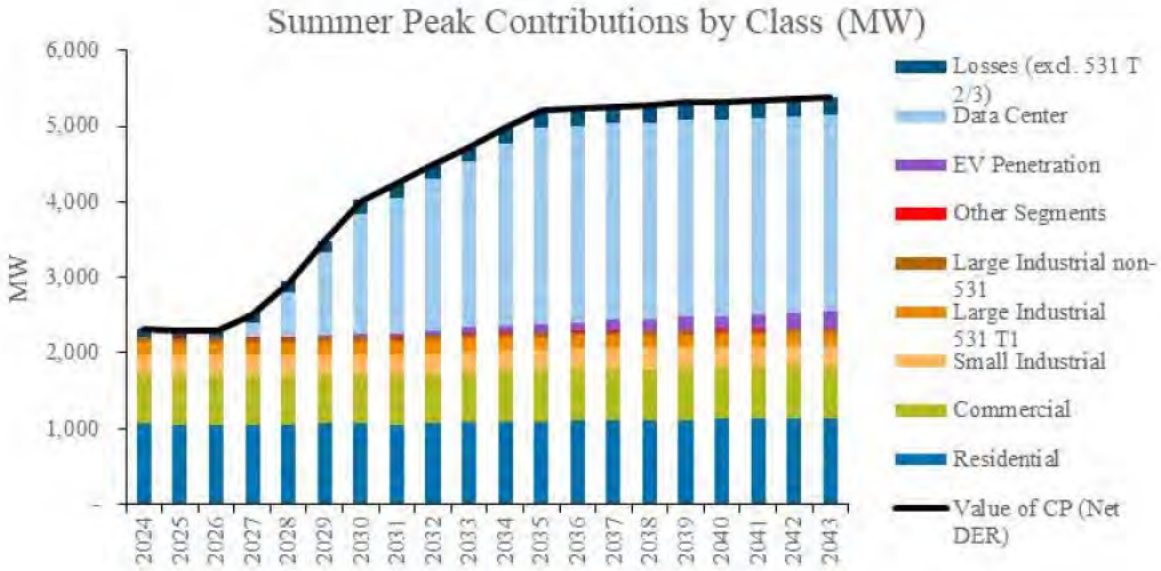
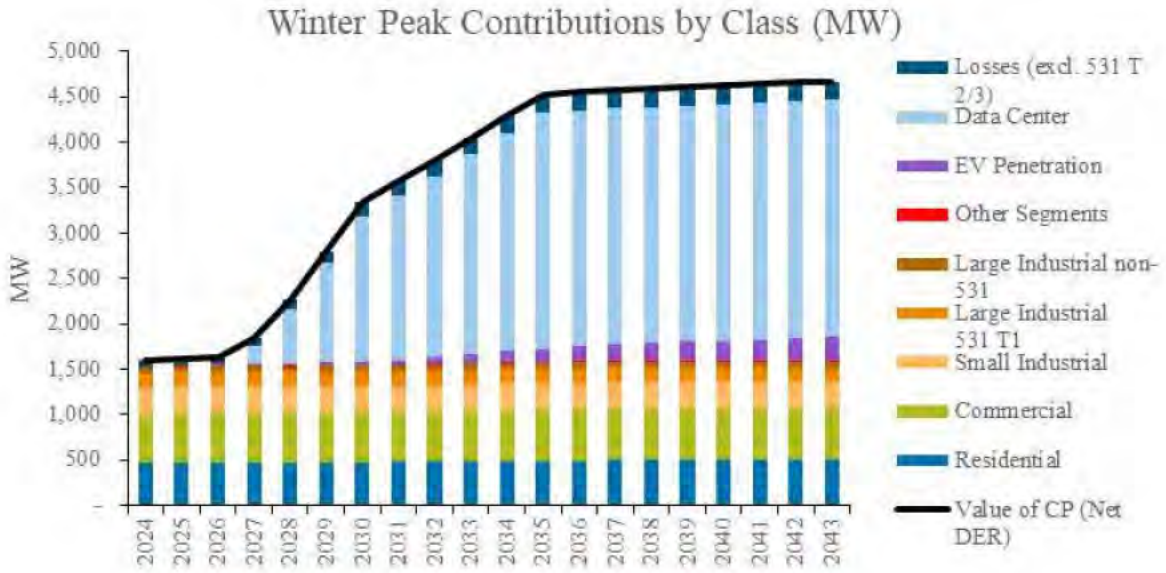


Figure 3-44: Summer and Winter Peak Contributions by Customer Class, with Adjustments (MW)





3.8 Scenario Analysis

NIPSCO combined the econometric modeling analysis with the EV, DER, and large economic development load analyses across all five planning scenarios to develop a range of future load growth outcomes, as outlined in Table 3-24. Each of these scenarios provides an internally consistent view of a possible future state of the world. The remainder of this section outlines the key drivers of scenario uncertainty and provides a summary of the forecasts.

Table 3-24: Scenario Drivers Summary

	Scenario Name	Description	Economic Growth (C&R, I Count)	EV Penetration	DER Penetration	Electrification (MISO Futures Report)	Large Econ. Development Load
	**Reference Case**	Reference Point	**Base** Moody's Baseline forecast	**Base** Rate of Adoption	**Base** Expected Rate of Adoption	**Limited (Future 1)**	
	**Slower Transition**	Environmental policy incentives reduce, economic slowdown in region	Low Moody's Low forecast ↓	Low Rate of Adoption ↓	Lowest High capital costs, low tax credits, low wholesale prices ↓	**Limited (Future 1)**	*Separate sensitivity with significant additional economic development load potential across all scenarios*
	**Domestic Resiliency**	Influx of new economic development load	**Base** Moody's Baseline forecast	**Base** Rate of Adoption	Lower High capital costs ↓	**Limited (Future 1)**	
	**Aggressive Environmental Regulation**	Aggressive decarbonization policy, moderate electrification	**Base** Moody's Baseline forecast	High Rate of Adoption ↑	High Net metering policy change ↑	High **(Future 2)** ↑	
	**Accelerated Innovation**	Faster energy transition, high electrification with additional econ. dev. load	**Base** Moody's High forecast	High Rate of Adoption ↑	High Low capital costs, larger installation sizes ↑	Highest **(Future 3)** ↑	

3.8.1 Economic Variables

NIPSCO relied on Moody's macroeconomic data for forecasts of the econometric variables described in Section 1.3.1. NIPSCO used the Moody's Baseline forecast for the Reference Case as of October 2023 (also used for Domestic Resiliency, Aggressive Environmental Regulation, and Accelerated Innovation scenarios) and deployed the Alternative Scenario 3 - Downside - 90th Percentile for the low case (mapped to the Slower Transition scenario).

3.8.2 Electric Vehicles

NIPSCO developed a range of EV penetration scenarios and resulting charging demand, as described in Section 1.4. These low, base, and high scenarios are mapped to the scenarios, as summarized in Table 3-24.

3.8.3 Distributed Energy Resources

NIPSCO developed a range of DER penetration scenarios with resulting impacts on the load forecast, as described in Section 1.5 and mapped to the scenarios as summarized in Table 3-24.

3.8.4 Other Electrification

For the AER and AI scenarios, NIPSCO incorporated additional electrification impacts according to the electrification study developed by AEG for MISO's MTEP 2021 process.[59] This study incorporated potential electrification of residential and commercial/industrial heating, hot water, appliances, and commercial/industrial processes. NIPSCO adopted the projections for MISO LRZ 6 (scaled to account for only NIPSCO's portion of LRZ 6[60]) and added increasing energy demand due to electrification, as summarized in Figure 3-45 (AI Scenario) and Figure 3-46 (AER Scenario). The seasonal and annual peak demands are also impacted. As many of the electrification impacts have larger demand impacts in the winter than summer, this peak demand growth occurs asymmetrically in the winter.

[59] https://cdn misoenergy.org/MISO%20Futures%20Report538224.pdf

[60] Electrification was assumed to occur symmetrically across the LRZ6 footprint. As such, NIPSCO was assumed to account for 12% of the electrification, in line with its historical portion of LRZ6 sales.

Figure 3-45: Electrification Impact on NIPSCO Energy Sales (AI Scenario)

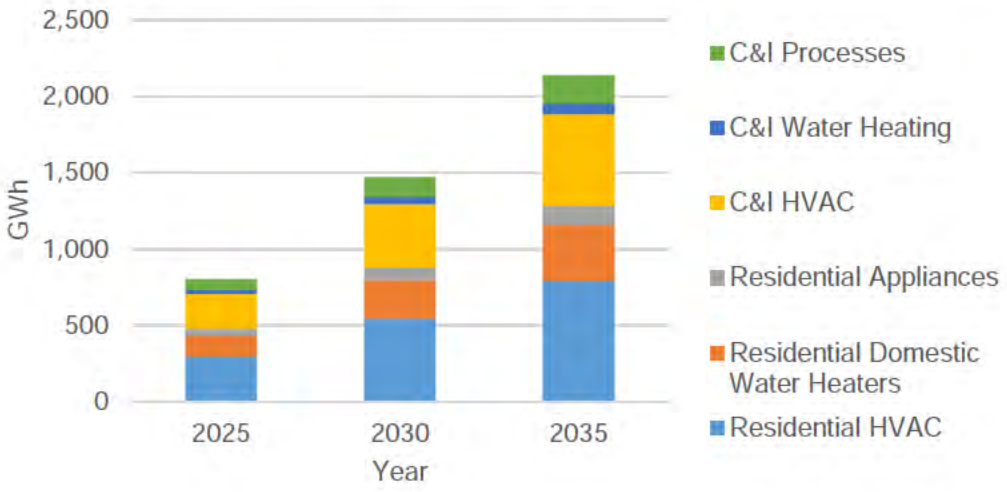
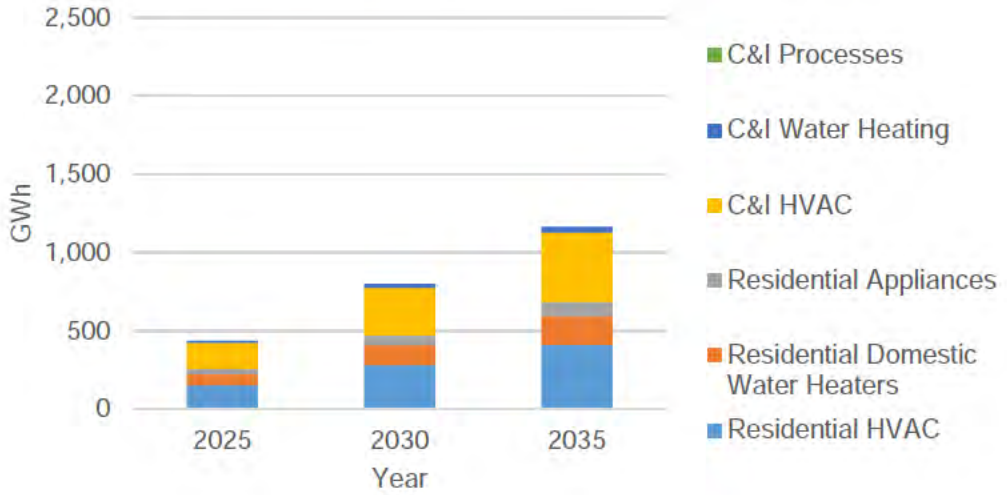


Figure 3-46: Electrification Impact on NIPSCO Energy Sales (AER Scenario)



3.8.5 Industrial Load Risk

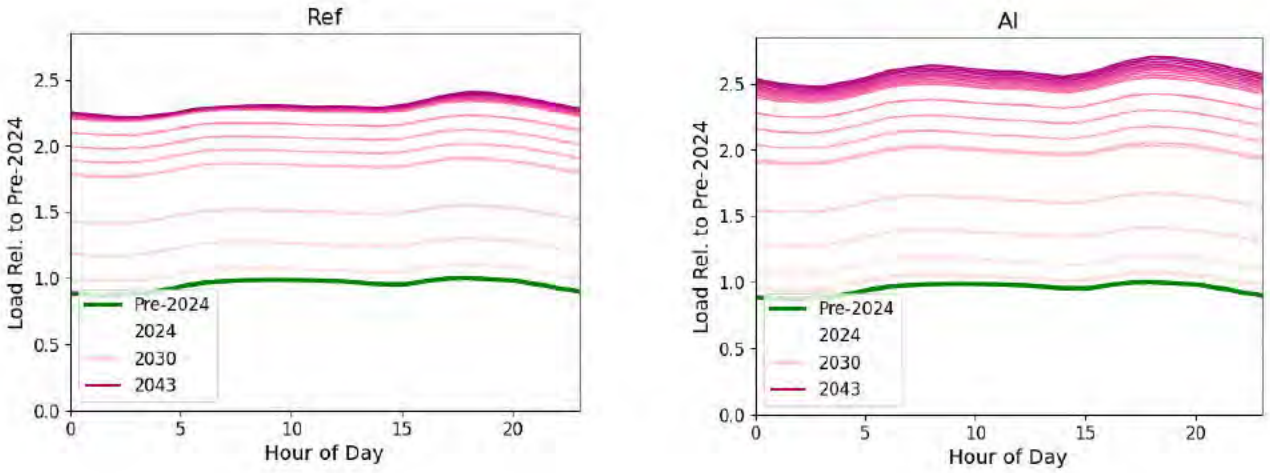
For the Slower Transition scenario, NIPSCO assumed that total industrial sales continue to decline at the pre-COVID rate (-0.12% CAGR). This scenario also incorporated the potential for additional industrial load migration, since NIPSCO recognizes that Tier 1 commitments may decline over time, particularly after the Rate 831/531 Modification Agreement approved in Cause No. 45772. Although no firm declarations of commitment reductions have been made by any Rate 531 customer, and it is not certain that all seven current Rate 531 customers would elect to reduce their demand to the tariff minimum, NIPSCO incorporated the migration of 100 MW of load from Rate 531 Tier 1 to Rate 531 Tier 2 by 2030 in the Slower Transition scenario. By migrating to

Tier 2, this load would no longer be served by NIPSCO but would instead be procured by the customer(s) through NIPSCO.

3.8.6 Conversion from Sales to Peak

The base sales forecast (without the addition of EVs, DERs, electrification, or large loads) was converted to a peak load forecast using the load factor approach described in Section 1.3.5. However, the addition of EVs, DERs, and other sources of electrification can have a substantial impact on the hourly load shape. Given a sufficient change in shape, the hour of the peak load will change. An example of this changing hourly load shape for the winter season is shown in Figure 3-47 for the Reference and AI cases. The darker shades of pink in this figure indicate future years that are further into the planning horizon. As seen in this figure, both scenarios will experience a flattening of the hourly shape due to the additional high load factor, data center load. However, in the AI case, further load growth would occur in the early morning and evening hours due to the increased electrification of heating.

Figure 3-47: Winter Hourly Shaping Impacts to Load (Base, Accelerated Innovation)



As electrification grows, a larger portion of demand will be shifted to hours before the sun rises or after the sun has set, due to the impact of EV charging, DER growth, and new electrification. This growth will also occur asymmetrically across seasons. With sufficient growth, the hour of the peak will change. As such, it is not appropriate to simply add the contribution of new sources of load growth in the historic peak hour. Rather, for each year in the forecast horizon, NIPSCO simulated the addition of the new sources of electrification to the historical load shape. Under this *future* looking load shape, the new hour of peak load for each season is found. If the hour of peak is changed, the econometric load (i.e., load forecast without electrification impacts) is scaled to capture the lower contribution to peak in this hour. This scaling factor is taken as the historic ratio of load between the future peak load hour and historic peak load hour. Then the expected contribution of DERs, EVs, other sources of electrification, and large loads is added,

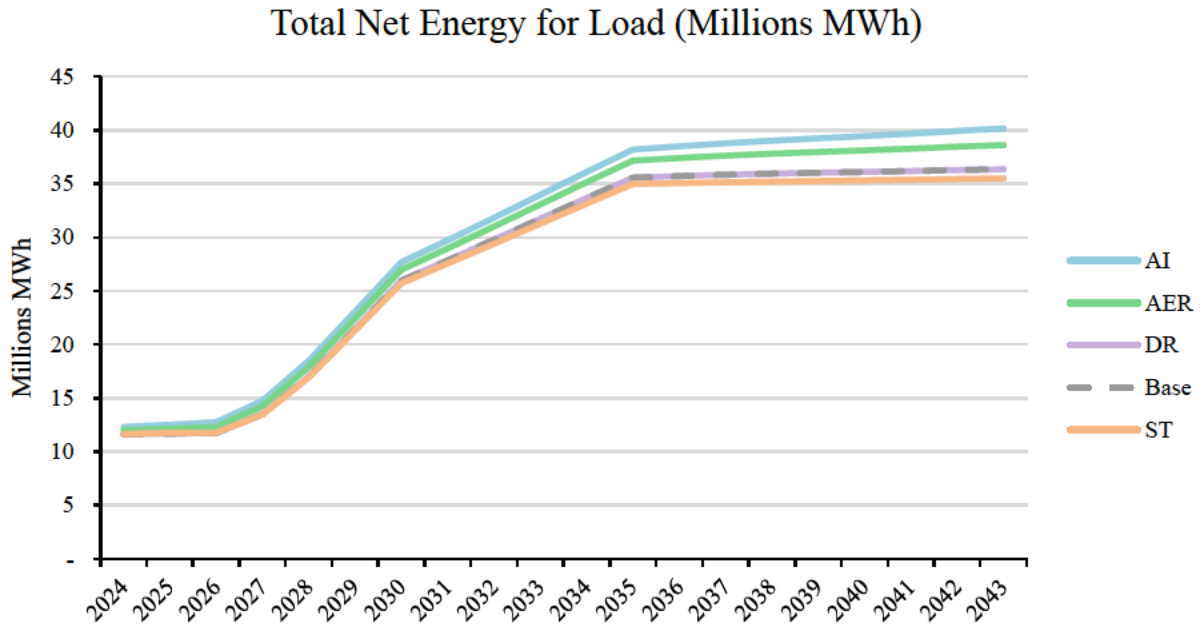
based on their expected performance in this new peak hour. For example, under current conditions, the peak may occur at 5 pm. However, with increasing DER and EV penetration, the new peak may be shifted back to 7 pm. To account for this change, the base load contribution to peak is scaled by current ratio of load demand at 7 pm versus 5 pm. Then the expected DER, EV, other electrification, and data center demand during this hour is added to synthesize the peak demand forecast.

3.8.7 Scenario Results

Figure 3-48 presents a summary of the total net energy for load forecast across the five planning scenarios and under the base outlook for large economic development loads.[61] In the short term, the varying techno-economic and policy assumptions driving differences in the econometric, EV, and DER forecasts are overshadowed by the magnitude of new large economic development loads (primarily data centers). Over the long run, other differences between scenarios begin to become more apparent. Higher demand in the AI and AER scenarios is driven primarily by increased charging demand from EVs in addition to increased assumptions around the electrification of traditional natural gas services, like space heating and cooking.

The Reference Case and DR scenarios forecast net sales to grow at a CAGR of 5.6%, while increased expectations around EV and electrification push up growth in the AER and AI scenarios to 5.9% and 6.1%, respectively.

Figure 3-48: Total Net Energy for Load Forecast across Scenarios



[61] Note that the high data center load sensitivity described in Section 3.6 is not displayed in detail in these summaries. However, the additional load would be additive to all five scenarios.

BEFORE THE UNITED STATES DEPARTMENT OF ENERGY

Federal Power Act Section 202(c) Emergency Order: Midcontinent Independent System Operator and Northern Indiana Public Service Company LLC	)))))	Order No. 202-26-46
Federal Power Act Section 202(c) Emergency Order: Midcontinent Independent System Operator and CenterPoint Energy Indiana South	)))))	Order No. 202-26-47

Exhibit to
Motion to Intervene and Request for Rehearing and Stay of
Public Interest Organizations

Exhibit 100B
NIPSCO 2024 IRP, Part 2

BEFORE THE UNITED STATES DEPARTMENT OF ENERGY

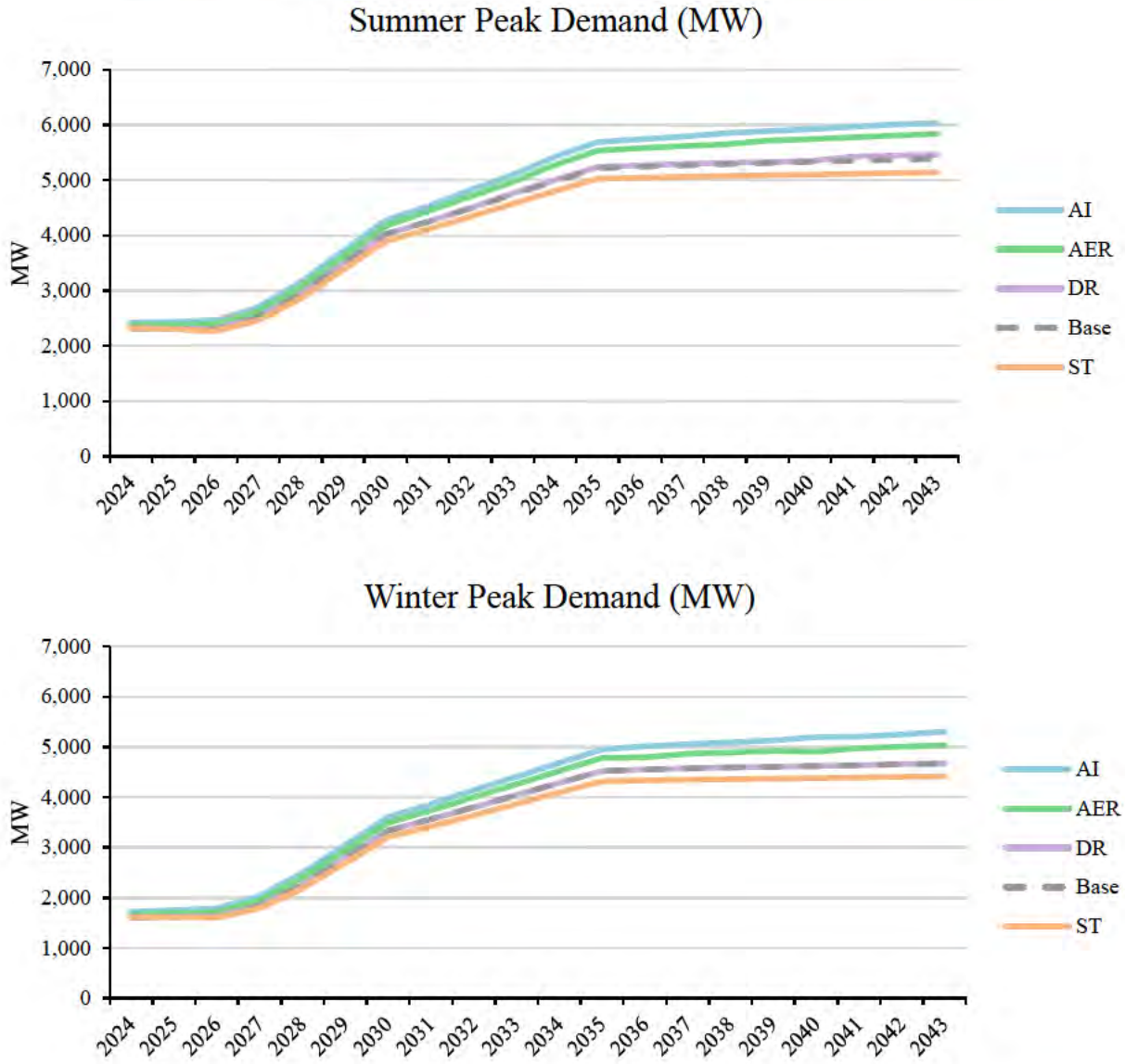
Federal Power Act Section 202(c) Emergency Order: Midcontinent Independent System Operator and Northern Indiana Public Service Company LLC	)))))	Order No. 202-26-19
Federal Power Act Section 202(c) Emergency Order: Midcontinent Independent System Operator and CenterPoint Energy Indiana South	))))	Order No. 202-26-20

Exhibit to
Motion to Intervene and Request for Rehearing and Stay of
Public Interest Organizations

Exhibit 100
NIPSCO 2024 IRP

Figure 3-49 depicts year-on-year demand in megawatts at the peak hour of each season across the five planning scenarios and under the base outlook for large economic development loads. In NIPSCO's 2024 load forecast, peak load is highest in the summer across the study period, indicating that the NIPSCO system is expected to be summer peaking across all scenarios. Compared to the trends in total net energy sales, the Reference (Base) and Domestic Resiliency cases diverge slightly as the hour in which demand is greatest shifts to later in the day. Additionally, the peak forecast provides a closer view at how the differences in electrification and EV assumptions drive variation across the scenario forecasts. The inclusion of 2,600 MW of Economic Development load in all scenarios by 2035 has overall caused load to be less dependent on variations in seasonal consumption and temperature.

Figure 3-49: Seasonal Peak Demand for Load Forecast across Scenarios



3.9 Detailed Forecast Results

The remainder of this section provides detailed annual sales and peak demand forecasts by customer class for the Reference Case and by category across all five scenarios.

Table 3-25: Customer Count Forecast by Major Customer Segment – Reference Case

Year	Residential	Commercial	Total Industrial
2024	426,564	58,798	2,180
2025	428,996	59,195	2,172
2026	431,867	59,673	2,174
2027	434,991	60,192	2,172
2028	438,219	60,728	2,165
2029	441,443	61,262	2,158
2030	444,644	61,790	2,150
2031	447,894	62,325	2,142
2032	451,275	62,880	2,136
2033	454,850	63,467	2,129
2034	458,602	64,081	2,122
2035	462,544	64,726	2,117
2036	466,657	65,397	2,113
2037	470,911	66,089	2,109
2038	475,345	66,809	2,105
2039	479,941	67,556	2,101
2040	484,694	68,327	2,097
2041	489,629	69,129	2,093
2042	494,752	69,960	2,089
2043	500,037	70,818	2,086
2024-2043 CAGR	**0.84%**	**0.98%**	**-0.23%**

Table 3-26: Electric Sales Forecast (Inclusive of Historical Energy Efficiency Programs Only and Prior to Other Adjustments) – Reference Case

Year	Residential	Commercial	Total Industrial	Other*	Total MWh (Before Adjustments)
2024	3,503,477	3,718,422	3,787,387	92,169	11,101,455
2025	3,514,494	3,766,036	3,773,392	92,169	11,146,090
2026	3,529,627	3,780,604	3,777,602	92,169	11,180,002
2027	3,532,326	3,784,527	3,774,703	92,169	11,183,726
2028	3,532,272	3,786,944	3,764,110	92,169	11,175,495
2029	3,554,454	3,790,559	3,751,459	92,169	11,188,642
2030	3,566,676	3,789,167	3,739,494	92,169	11,187,507
2031	3,579,386	3,807,605	3,733,065	92,169	11,212,225
2032	3,596,102	3,855,349	3,733,262	92,169	11,276,882
2033	3,628,006	3,910,399	3,732,019	92,169	11,362,594
2034	3,660,477	3,946,354	3,729,248	92,169	11,428,248
2035	3,682,470	3,964,104	3,724,461	92,169	11,463,205
2036	3,697,202	3,981,757	3,725,865	92,169	11,496,993
2037	3,711,092	3,996,678	3,723,603	92,169	11,523,543
2038	3,719,750	3,989,543	3,716,539	92,169	11,518,001
2039	3,728,274	3,986,334	3,709,475	92,169	11,516,253
2040	3,736,196	3,985,407	3,702,411	92,169	11,516,183
2041	3,743,898	3,984,567	3,696,228	92,169	11,516,863
2042	3,751,306	3,985,531	3,689,899	92,169	11,518,905
2043	3,758,286	3,983,727	3,683,416	92,169	11,517,598
2024-2043 CAGR	**0.37%**	**0.36%**	**-0.15%**	**0.00%**	**0.19%**

*Other includes Railroad, Street Lighting, Public Authority, and Company Use

Table 3-27: Summer Peak Load Forecast (Inclusive of Historical Energy Efficiency Programs Only and Prior to Other Adjustments) – Reference Case

Year	Residential	Commercial	Small Industrial	Large Industrial non-531	Large Industrial 531 T1	Other*	Total MW	System Wide Peak (Before Adjustments)
2024	1,062	639	282	53	165	13	2,214	2,316
2025	1,049	641	281	53	164	13	2,201	2,303
2026	1,045	643	281	53	164	12	2,198	2,300
2027	1,047	642	281	53	164	13	2,200	2,311
2028	1,049	643	280	53	164	13	2,202	2,331
2029	1,062	646	279	53	163	13	2,216	2,369
2030	1,062	645	278	52	163	13	2,214	2,391
2031	1,057	648	278	52	162	12	2,210	2,397
2032	1,073	656	278	52	162	13	2,235	2,433
2033	1,083	665	278	52	162	13	2,253	2,462
2034	1,093	671	278	52	162	13	2,269	2,489
2035	1,099	675	277	52	162	13	2,278	2,508
2036	1,105	678	277	52	162	13	2,287	2,518
2037	1,111	681	277	52	162	13	2,296	2,528
2038	1,116	681	277	52	162	13	2,300	2,533
2039	1,120	682	276	52	161	13	2,304	2,539
2040	1,125	683	275	52	161	13	2,309	2,544
2041	1,130	684	275	52	161	13	2,314	2,550
2042	1,135	685	275	52	160	13	2,320	2,557
2043	1,140	686	274	52	160	13	2,325	2,563
2024-2043 CAGR	**0.35%**	**0.38%**	**-0.16%**	**-0.16%**	**-0.16%**	**0.00%**	**0.19%**	**0.60%**

*Other includes Railroad, Street Lighting, Public Authority, and Company Use

Table 3-28: Reference Case Electric Sales Forecast with Adjustments

	MWh Sales				
	Base Load	EV Load	DERs*	New Large Econ. Dev. Loads**	All-In (Grossed Up for Losses after Adjustments)
2024	11,101,455	8,387	(96,434)	-	11,516,979
2025	11,146,090	17,333	(120,638)	-	11,547,732
2026	11,180,002	27,643	(153,370)	-	11,559,747
2027	11,183,726	42,832	(164,430)	1,677,648	13,323,122
2028	11,175,495	63,623	(175,489)	5,032,944	16,835,018
2029	11,188,642	113,184	(188,200)	9,227,064	21,275,231
2030	11,187,507	213,388	(201,181)	13,421,184	25,753,200
2031	11,212,225	311,898	(214,812)	15,098,832	27,623,025
2032	11,276,882	419,046	(229,041)	16,776,480	29,543,037
2033	11,362,594	517,016	(241,396)	18,454,128	31,477,436
2034	11,428,248	618,866	(251,751)	20,131,776	33,397,005
2035	11,463,205	729,158	(257,711)	21,809,424	35,297,891
2036	11,496,993	834,090	(261,968)	21,809,424	35,438,565
2037	11,523,543	934,292	(265,534)	21,809,424	35,567,444
2038	11,518,001	1,027,523	(268,813)	21,809,424	35,655,765
2039	11,516,253	1,111,218	(272,216)	21,809,424	35,737,946
2040	11,516,183	1,184,344	(276,205)	21,809,424	35,810,214
2041	11,516,863	1,272,435	(280,931)	21,809,424	35,898,151
2042	11,518,905	1,352,836	(285,280)	21,809,424	35,979,862
2043	11,517,598	1,425,081	(290,439)	21,809,424	36,048,688
2024-2043 CAGR	**0.19%**	**31.03%**	**5.97%**	**17.39%**	**6.19%**

*DERs are reductions to the load served by NIPSCO.

**Note that this represents NIPSCO's base view on new large economic development loads. Refer to Section 3.6 for additional details on NIPSCO's high sensitivity.

Table 3-29: Reference Case Peak Demand Forecast with Adjustments

	Summer Peak (MW)					Winter Peak (MW)				
	Base Load	EV Load	DERs*	New Large Econ. Dev. Loads**	All-In	Base Load	EV Load	DERs*	New Large Econ. Dev. Loads**	All-In
2024	2,316	1	(6)	-	2,311	1,602	2	-	-	1,604
2025	2,303	3	(7)	-	2,298	1,610	4	-	-	1,614
2026	2,300	4	(1)	-	2,302	1,617	6	-	-	1,623
2027	2,311	7	(9)	200	2,509	1,625	10	-	200	1,834
2028	2,331	10	(9)	600	2,932	1,643	14	-	600	2,257
2029	2,369	17	(10)	1,100	3,476	1,669	24	-	1,100	2,792
2030	2,391	29	(11)	1,600	4,008	1,692	40	-	1,600	3,332
2031	2,397	40	(2)	1,800	4,236	1,704	57	-	1,800	3,561
2032	2,433	59	(4)	2,000	4,487	1,720	77	-	2,000	3,797
2033	2,462	73	(5)	2,200	4,731	1,744	97	-	2,200	4,040
2034	2,489	89	(5)	2,400	4,973	1,765	117	-	2,400	4,282
2035	2,508	106	(5)	2,600	5,210	1,781	140	-	2,600	4,520
2036	2,518	123	(5)	2,600	5,236	1,788	160	-	2,600	4,548
2037	2,528	138	(5)	2,600	5,261	1,793	180	-	2,600	4,573
2038	2,533	152	(5)	2,600	5,280	1,792	198	-	2,600	4,590
2039	2,539	173	-	2,600	5,312	1,792	214	-	2,600	4,606
2040	2,544	184	-	2,600	5,329	1,792	227	-	2,600	4,619
2041	2,550	199	-	2,600	5,349	1,792	245	-	2,600	4,637
2042	2,557	212	-	2,600	5,369	1,793	261	-	2,600	4,654
2043	2,563	225	-	2,600	5,387	1,793	276	-	2,600	4,669
2024-2043 CAGR	**0.53%**	**30.87%**	-	**17.39%**	**4.56%**	**0.60%**	**29.74%**	-	**0.09%**	**5.79%**

*DERs are reductions to the load served by NIPSCO.

**Note that this represents NIPSCO's base view on new large economic development loads. Refer to Section 3.6 for additional details on NIPSCO's high sensitivity.

Table 3-30: ST Electric Sales Forecast with Adjustments

	MWh Sales				
	Base Load	EV Load	DERs*	New Large Econ. Dev. Loads**	All-In (Grossed Up for Losses after Adjustments)
2024	11,143,111	8,387	(94,777)	-	11,560,367
2025	11,242,166	13,749	(102,858)	-	11,657,835
2026	11,241,562	18,962	(108,170)	-	11,650,771
2027	11,197,073	25,733	(111,569)	1,677,648	13,357,508
2028	11,143,548	33,837	(113,654)	5,032,944	16,812,458
2029	11,144,584	43,866	(115,083)	9,227,064	21,204,277
2030	11,142,715	63,262	(116,539)	13,421,184	25,605,488
2031	11,164,977	110,122	(117,936)	15,098,832	27,431,503
2032	11,227,051	135,674	(119,352)	16,776,480	29,276,753
2033	11,310,312	166,762	(120,480)	18,454,128	31,150,300
2034	11,373,514	203,619	(121,409)	20,131,776	33,009,104
2035	11,406,853	248,603	(122,782)	21,809,424	34,844,637
2036	11,439,970	296,605	(124,049)	21,809,424	34,927,973
2037	11,466,264	349,142	(125,494)	21,809,424	35,008,803
2038	11,460,667	405,039	(127,040)	21,809,424	35,059,765
2039	11,458,710	461,555	(128,305)	21,809,424	35,115,485
2040	11,458,571	516,724	(129,273)	21,809,424	35,172,022
2041	11,459,009	581,606	(130,393)	21,809,424	35,239,126
2042	11,461,035	644,550	(131,432)	21,809,424	35,305,884
2043	11,459,442	704,082	(133,088)	21,809,424	35,364,732
2024-2043 CAGR	**0.15%**	**26.26%**	**1.80%**	**17.39%**	**6.06%**

*DERs are reductions to the load served by NIPSCO.

**Note that this represents NIPSCO's base view on new large economic development loads. Refer to Section 3.6 for additional details on NIPSCO's high sensitivity.

Table 3-31: ST Peak Demand Forecast with Adjustments

	Summer Peak (MW)					Winter Peak (MW)				
	Base Load	EV Load	DERs*	New Large Econ. Dev. Loads**	All-In	Base Load	EV Load	DERs*	New Large Econ. Dev. Loads**	All-In
2024	2,315	1	(6)	-	2,310	1,604	2	-	-	1,606
2025	2,293	2	(1)	-	2,294	1,610	3	-	-	1,613
2026	2,268	2	(1)	-	2,269	1,596	4	-	-	1,600
2027	2,252	4	(7)	200	2,449	1,580	6	-	200	1,786
2028	2,250	5	(7)	600	2,848	1,576	8	-	600	2,184
2029	2,270	7	(7)	1,100	3,370	1,581	10	-	1,100	2,691
2030	2,279	8	(1)	1,600	3,886	1,586	13	-	1,600	3,200
2031	2,294	14	(1)	1,800	4,107	1,597	21	-	1,800	3,418
2032	2,322	18	(8)	2,000	4,333	1,613	26	-	2,000	3,639
2033	2,350	23	(8)	2,200	4,565	1,635	32	-	2,200	3,867
2034	2,375	28	(8)	2,400	4,796	1,656	40	-	2,400	4,095
2035	2,394	34	(8)	2,600	5,020	1,669	49	-	2,600	4,318
2036	2,403	41	(8)	2,600	5,036	1,675	58	-	2,600	4,333
2037	2,412	49	(8)	2,600	5,053	1,680	69	-	2,600	4,348
2038	2,416	57	(8)	2,600	5,065	1,678	80	-	2,600	4,358
2039	2,421	65	(8)	2,600	5,078	1,677	91	-	2,600	4,368
2040	2,426	73	(8)	2,600	5,091	1,677	102	-	2,600	4,379
2041	2,432	82	(8)	2,600	5,106	1,677	115	-	2,600	4,392
2042	2,438	92	(9)	2,600	5,121	1,677	128	-	2,600	4,405
2043	2,443	100	(9)	2,600	5,135	1,677	141	-	2,600	4,418
2024-2043 CAGR	**0.28%**	**25.45%**	**1.80%**	**17.39%**	**4.29%**	**0.23%**	**25.22%**	-	**17.39%**	**5.47%**

*DERs are reductions to the load served by NIPSCO.

**Note that this represents NIPSCO's base view on new large economic development loads. Refer to Section 3.6 for additional details on NIPSCO's high sensitivity.

Table 3-32: DR Electric Sales Forecast with Adjustments

	MWh Sales				
	Base Load	EV Load	DERs*	New Large Econ. Dev. Loads**	All-In (Grossed Up for Losses after Adjustments)
2024	11,120,257	8,387	(102,460)	-	11,530,319
2025	11,167,010	17,333	(129,533)	-	11,560,283
2026	11,191,675	27,643	(164,823)	-	11,559,961
2027	11,186,115	42,832	(176,118)	1,677,648	13,313,390
2028	11,176,083	63,623	(184,750)	5,032,944	16,825,944
2029	11,189,974	113,184	(191,770)	9,227,064	21,272,887
2030	11,189,127	213,388	(199,663)	13,421,184	25,756,481
2031	11,213,264	311,898	(208,267)	15,098,832	27,630,958
2032	11,277,178	419,046	(216,911)	16,776,480	29,556,036
2033	11,363,459	517,016	(223,265)	18,454,128	31,497,309
2034	11,429,730	618,866	(227,863)	20,131,776	33,423,545
2035	11,463,643	729,158	(230,393)	21,809,424	35,326,928
2036	11,497,139	834,090	(232,017)	21,809,424	35,470,051
2037	11,523,543	934,292	(233,213)	21,809,424	35,601,259
2038	11,518,001	1,027,523	(234,175)	21,809,424	35,692,002
2039	11,516,253	1,111,218	(235,016)	21,809,424	35,776,865
2040	11,516,626	1,184,344	(235,784)	21,809,424	35,852,966
2041	11,517,014	1,272,435	(236,700)	21,809,424	35,944,582
2042	11,518,905	1,352,836	(237,565)	21,809,424	36,029,782
2043	11,518,048	1,425,081	(239,180)	21,809,424	36,102,785
2024-2043 CAGR	**0.19%**	**31.03%**	**4.56%**	**17.39%**	**6.19%**

*DERs are reductions to the load served by NIPSCO.

**Note that this represents NIPSCO's base view on new large economic development loads. Refer to Section 3.6 for additional details on NIPSCO's high sensitivity.

Table 3-33: DR Peak Demand Forecast with Adjustments

	Summer Peak (MW)					Winter Peak (MW)				
	Base Load	EV Load	DERs*	New Large Econ. Dev. Loads**	All-In	Base Load	EV Load	DERs*	New Large Econ. Dev. Loads**	All-In
2024	2,320	1	(7)	-	2,314	1,603	2	-	-	1,605
2025	2,302	2	(1)	-	2,303	1,614	4	-	-	1,618
2026	2,309	4	(1)	-	2,311	1,619	6	-	-	1,625
2027	2,312	7	(9)	200	2,510	1,625	10	-	200	1,835
2028	2,332	10	(10)	600	2,933	1,643	14	-	600	2,257
2029	2,371	17	(10)	1,100	3,477	1,669	24	-	1,100	2,792
2030	2,389	28	(2)	1,600	4,015	1,692	40	-	1,600	3,332
2031	2,405	40	(2)	1,800	4,244	1,704	57	-	1,800	3,561
2032	2,428	54	(2)	2,000	4,480	1,720	77	-	2,000	3,797
2033	2,487	73	(4)	2,200	4,756	1,744	97	-	2,200	4,040
2034	2,514	89	(4)	2,400	4,999	1,766	117	-	2,400	4,283
2035	2,533	106	(4)	2,600	5,235	1,781	140	-	2,600	4,520
2036	2,544	123	(4)	2,600	5,262	1,788	160	-	2,600	4,548
2037	2,554	138	(4)	2,600	5,287	1,793	180	-	2,600	4,573
2038	2,559	152	(4)	2,600	5,306	1,792	198	-	2,600	4,590
2039	2,564	165	(5)	2,600	5,324	1,792	214	-	2,600	4,606
2040	2,569	175	(5)	2,600	5,340	1,792	227	-	2,600	4,619
2041	2,625	199	-	2,600	5,424	1,792	245	-	2,600	4,637
2042	2,631	212	-	2,600	5,444	1,793	261	-	2,600	4,654
2043	2,637	225	-	2,600	5,462	1,793	276	-	2,600	4,669
2024-2043 CAGR	**0.68%**	**30.87%**	-	**17.39%**	**4.62%**	**0.59%**	**29.74%**	-	**17.39%**	**5.78%**

*DERs are reductions to the load served by NIPSCO.

**Note that this represents NIPSCO's base view on new large economic development loads. Refer to Section 3.6 for additional details on NIPSCO's high sensitivity.

Table 3-34: AER Electric Sales Forecast with Adjustments

	MWh Sales				
	Base Load	EV Load	Other Electrification	DERs*	All-In (Grossed Up for Losses after Adjustments)**
2024	11,101,455	8,387	364,113	(110,684)	11,883,006
2025	11,146,090	19,019	436,056	(148,667)	11,976,375
2026	11,180,002	78,715	508,676	(193,922)	12,102,931
2027	11,183,726	177,807	581,469	(214,918)	14,019,846
2028	11,175,495	259,824	654,720	(233,887)	17,664,156
2029	11,188,642	310,016	727,467	(252,063)	22,175,419
2030	11,187,507	388,652	799,900	(269,098)	26,702,362
2031	11,212,225	505,329	872,112	(286,185)	28,663,126
2032	11,276,882	636,838	946,110	(302,337)	30,684,029
2033	11,362,594	784,224	1,018,064	(316,319)	32,743,703
2034	11,428,248	937,469	1,091,316	(328,362)	34,791,911
2035	11,463,205	1,091,471	1,163,947	(335,745)	36,813,024
2036	11,496,993	1,212,641	1,237,633	(341,850)	37,045,844
2037	11,523,543	1,322,595	1,308,023	(346,667)	37,257,259
2038	11,518,001	1,420,000	1,380,990	(351,519)	37,424,639
2039	11,516,253	1,503,947	1,454,377	(355,985)	37,582,749
2040	11,516,183	1,574,548	1,528,188	(360,104)	37,729,460
2041	11,516,863	1,664,493	1,603,435	(365,644)	37,897,210
2042	11,518,905	1,746,497	1,682,631	(370,751)	38,062,658
2043	11,517,598	1,821,055	1,766,567	(374,969)	38,222,704
2024-2043 CAGR	**0.19%**	**32.73%**	**8.67%**	**6.63%**	**6.34%**

*DERs are reductions to the load served by NIPSCO.

**Note that All-In load includes NIPSCO's base view on new large economic development loads. Refer to Section 3.6 for additional details on NIPSCO's high sensitivity.

Table 3-35: AER Peak Demand Forecast with Adjustments

	Summer Peak (MW)					Winter Peak (MW)				
	Base Load	EV Load	Other Electrification	DERs*	All-In**	Base Load	EV Load	Other Electrification	DERs*	All-In**
2024	2,319	1	54	(7)	2,368	1,604	2	58	-	1,664
2025	2,302	2	65	(1)	2,368	1,613	4	67	-	1,685
2026	2,311	10	76	(2)	2,396	1,621	14	78	-	1,712
2027	2,306	23	87	(2)	2,615	1,630	29	89	-	1,947
2028	2,328	34	98	(2)	3,058	1,649	42	103	-	2,394
2029	2,368	40	109	(2)	3,616	1,675	53	111	-	2,939
2030	2,395	52	120	(2)	4,165	1,699	69	123	-	3,490
2031	2,438	70	131	(6)	4,433	1,711	92	134	-	3,737
2032	2,465	90	141	(6)	4,690	1,729	119	150	-	3,998
2033	2,496	113	152	(6)	4,955	1,753	150	156	-	4,259
2034	2,572	143	163	-	5,278	1,776	179	167	-	4,522
2035	2,592	168	174	-	5,535	1,792	211	178	-	4,781
2036	2,604	188	185	-	5,576	1,798	198	196	-	4,792
2037	2,615	206	196	-	5,617	1,806	256	201	-	4,863
2038	2,620	221	207	-	5,648	1,806	275	212	-	4,892
2039	2,644	251	218	-	5,714	1,806	290	223	-	4,919
2040	2,650	262	229	-	5,740	1,805	259	241	-	4,905
2041	2,657	277	241	-	5,774	1,807	321	246	-	4,974
2042	2,664	291	252	-	5,807	1,808	338	258	-	5,005
2043	2,670	304	265	-	5,839	1,809	354	271	-	5,034
2024-2043 CAGR	**0.74%**	**32.97%**	**8.70%**	-	**4.87%**	**0.63%**	**31.44%**	**8.49%**	-	**6.00%**

*DERs are reductions to the load served by NIPSCO.

**Note that All-In load includes NIPSCO's base view on new large economic development loads. Refer to Section 3.6 for additional details on NIPSCO's high sensitivity.

Table 3-36: AI Electric Sales Forecast with Adjustments

	MWh Sales				
	Base Load	EV Load	Other Electrification	DERs*	All-In (Grossed Up for Losses after Adjustments)**
2024	11,101,455	8,387	669,314	(107,059)	12,206,099
2025	11,146,090	19,019	801,429	(140,088)	12,367,602
2026	11,180,002	78,715	934,873	(182,332)	12,560,943
2027	11,183,726	177,807	1,068,683	(202,275)	14,542,797
2028	11,175,495	259,824	1,203,463	(221,902)	18,250,789
2029	11,188,642	310,016	1,337,130	(242,976)	22,822,756
2030	11,187,507	388,652	1,470,195	(264,221)	27,408,727
2031	11,212,225	505,329	1,602,857	(283,626)	29,430,309
2032	11,276,882	636,838	1,739,038	(305,764)	31,510,005
2033	11,362,594	784,224	1,871,172	(325,100)	33,627,037
2034	11,428,248	937,469	2,005,966	(342,513)	35,734,013
2035	11,463,205	1,091,471	2,139,408	(355,144)	37,813,257
2036	11,496,993	1,212,641	2,274,969	(365,028)	38,106,856
2037	11,523,543	1,322,595	2,403,959	(374,979)	38,374,208
2038	11,518,001	1,420,000	2,538,123	(384,041)	38,601,207
2039	11,516,253	1,503,947	2,673,102	(391,856)	38,820,251
2040	11,516,183	1,574,548	2,809,060	(398,365)	39,029,480
2041	11,516,863	1,664,493	2,947,074	(404,350)	39,262,430
2042	11,518,905	1,746,497	3,092,513	(409,177)	39,497,475
2043	11,517,598	1,821,055	3,246,697	(413,614)	39,730,785
2024-2043 CAGR	**0.19%**	**32.73%**	**8.67%**	**7.37%**	**6.41%**

*DERs are reductions to the load served by NIPSCO.

**Note that All-In load includes NIPSCO's base view on new large economic development loads. Refer to Section 3.6 for additional details on NIPSCO's high sensitivity.

Table 3-37: AI Peak Demand Forecast with Adjustments

	Summer Peak (MW)					Winter Peak (MW)				
	Base Load	EV Load	Other Electrification	DERs*	All-In**	Base Load	EV Load	Other Electrification	DERs*	All-In**
2024	2,321	1	100	(7)	2,416	1,607	2	110	-	1,718
2025	2,309	3	120	(8)	2,424	1,616	4	127	-	1,748
2026	2,314	10	134	(1)	2,457	1,624	14	148	-	1,786
2027	2,320	21	160	(11)	2,689	1,633	29	170	-	2,032
2028	2,342	30	179	(12)	3,139	1,653	42	196	-	2,492
2029	2,380	38	200	(14)	3,704	1,680	53	212	-	3,045
2030	2,400	52	211	(2)	4,260	1,704	69	233	-	3,606
2031	2,416	67	230	(2)	4,511	1,717	92	254	-	3,863
2032	2,471	90	259	(6)	4,814	1,736	119	285	-	4,140
2033	2,502	113	279	(7)	5,088	1,760	150	297	-	4,407
2034	2,578	143	299	-	5,421	1,783	179	318	-	4,680
2035	2,599	168	320	-	5,687	1,800	211	339	-	4,950
2036	2,611	188	339	-	5,738	1,808	235	373	-	5,016
2037	2,622	206	360	-	5,788	1,815	256	382	-	5,052
2038	2,646	238	364	(0)	5,848	1,815	275	403	-	5,092
2039	2,652	251	384	(0)	5,887	1,815	290	424	-	5,130
2040	2,658	262	401	-	5,921	1,766	330	501	-	5,196
2041	2,665	277	422	-	5,965	1,817	321	468	-	5,206
2042	2,672	291	443	(0)	6,007	1,819	338	491	-	5,248
2043	2,663	287	486	-	6,036	1,772	354	578	-	5,305
2024-2043 CAGR	**0.72%**	**32.57%**	**8.70%**	-	**4.94%**	**0.52%**	**31.44%**	**9.15%**	-	**6.11%**

*DERs are reductions to the load served by NIPSCO.

**Note that All-In load includes NIPSCO's base view on new large economic development loads. Refer to Section 3.6 for additional details on NIPSCO's high sensitivity.

Section 4. Supply-Side Resources

NIPSCO's generation fleet is in the midst of a transition as with much of the electric industry. This section identifies NIPSCO's existing fleet of supply-side resources, describes renewable generation currently in-service and planned to be in-service, and outlines a broad mix of future potential resource options.

4.1 Existing Resources

NIPSCO has a variety of generation resources to meet its customers' forecast capacity and energy needs. Not only do these resources need to meet the principles set out in Section 1, but they must also operate within MISO, the Regional Transmission Organization, and are subject to NERC standards. NIPSCO has registered with NERC as a Distribution Provider, Generator Owner, Generator Operator, Load Serving Entity, Purchasing-Selling Entity, Resource Planner, and Transmission Planner. NIPSCO is registered as a Balancing Authority, Transmission Operator, and Transmission Owner in MISO. Each Registered Entity is subject to compliance with applicable NERC and Regional Reliability Organization Reliability standards approved by FERC. In NIPSCO's case, its Regional Reliability Organization is ReliabilityFirst.

NIPSCO's fully owned generating resources consist of coal, natural gas, hydro, wind, solar, and solar plus storage units. Additionally, NIPSCO meets its customer needs with additional wind and solar purchase power agreements and joint ventures. The total NDC of the existing resources is 3,644 MW across multiple generation sites, including Schahfer (Units 16A, 16B, 17, and 18), Michigan City (Unit 12), Sugar Creek, two hydroelectric generating sites near Monticello, Indiana (Norway Hydro and Oakdale Hydro), and Cavalry Solar plus Storage. Of the total capacity, 33% is from coal-fired units, 20% is from natural gas-fired units, and 47% is from wind, solar plus storage, and hydroelectric generation units. Table 4-1 provides a summary of the current generating facilities operated by NIPSCO.

Table 4-1: Net Demonstrated Capacity

Resource	Unit	Fuel	Capacity NDC (MW)
Michigan City	12	Coal	469
Schahfer	16A	NG	78
	16B	NG	77
	17	Coal	361
	18	Coal	361
		Subtotal	877
Sugar creek		NG	578
Hydro	Norway	Water	4
	Oakdale	Water	6
		Subtotal	10
Wind		Wind	1,000
Solar + Storage		Solar + Storage	710
NIPSCO			3,644

NG=Natural Gas

4.1.1 Michigan City

Michigan City is located on a 134-acre site on the shore of Lake Michigan in Michigan City, Indiana. It has one base-load unit, Unit 12, and is equipped with SCR and OFA systems to reduce NO_x emissions. An FGD system was placed in service in 2015. The individual unit characteristics of Michigan City are provided in Table 4-2.

Table 4-2: Michigan City Generating Station

	Unit 12
Net Output	
Min (MW)	310
Max (MW)	469
Boiler	Babcock & Wilcox
Burners	10 Cyclone
Main Fuel	Coal
Turbine	General electric
Frame	G2
In-Service	1974
Environmental Controls	FGD, SCR, OFA

4.1.2 Schahfer

Schahfer is located on an approximately 3,150-acre site two miles south of the Kankakee River in Jasper County, near Wheatfield, Indiana. It is the largest of NIPSCO's generating stations. There are two coal-fired base-load units and two gas-fired simple cycle peaking units that came on-line over an 11-year period ending in 1986. The Schahfer units are equipped with significant environmental control technologies, including FGD to reduce SO2 emissions and SCR, SNCR, LNB, and OFA systems to reduce NO_x emissions. FGD system upgrades to improve SO_2 removal efficiency were completed for Units 17 and 18 in 2010 and 2009, respectively. The individual unit characteristics of Schahfer are provided in Table 4-3.[62]

62 Units 14 and 15 were retired effective October 1, 2021.

Table 4-3: Schahfer

	Unit 17	Unit 18	Unit 16A	Unit 16B
Net Output				
Min (MW)	135	135	------	------
Max (MW)	361	361	78	77
Boiler	Combustion Engineering	Combustion Engineering	-----	-----
Burners	6 Pulverizers	6 Pulverizers	-----	-----
Main Fuel	Coal	Coal	Gas	Gas
Turbine	Westinghouse	Westinghouse	Westinghouse	Westinghouse
Frame	BB243	BB243	D501	D501
In-Service	1983	1986	1979	1979
Environmental Controls	FGD, LNB, OFA	FGD, LNB, OFA	-----	-----

4.1.3 Sugar Creek

Sugar Creek is located on a 281-acre rural site near the west bank of the Wabash River in Vigo County, Indiana. The gas-fired CTs and CCGTs were available for commercial operation in 2002 and 2003, respectively. Sugar Creek was purchased by NIPSCO in July 2008 and is its newest thermal electric generating facility. Sugar Creek has been registered as a MISO resource since December 1, 2008. Two generators and one steam turbine generator are operated in the CCGT mode, and environmental control technologies include SCR to reduce NO_x, and dry low NO_x combustion systems. Sugar Creek completed an AGP tech upgrade in the fall of 2023. This upgrade included a new thermal barrier coating for combustion turbine components, which enhanced the overall production capabilities of the combustion turbines. Subsequent RATA and GVTC testing was performed post-outage to validate the new capability and unit ratings. The individual unit characteristics of Sugar Creek are provided in Table 4-4.

Table 4-4: Sugar Creek

	CT 1A	CT 1B	SCST
NET Output			
Min (MW)	112	112	112
Max (MW)	175	175	228
Heat Recovery Steam Generator	Vogt Power	Vogt Power	---
Main Fuel	Gas	Gas	Steam
Turbine	GE	GE	GE
Frame	7FA.04	7FA.04	D11
In-Service	2002	2002	2003
Environmental Controls	SCR,DLN	SCR,DLN	---

4.1.4 Norway Hydro and Oakdale Hydro (NIPSCO-Owned Supply Resources)

Norway Hydro is located near Monticello, Indiana, on the Tippecanoe River. The dam creates Lake Shafer, a body of water approximately 10 miles long with a maximum depth of 30 feet, which functions as its reservoir. Norway Hydro has four generating units capable of producing up to 7.2 MW. However, its output is dependent on river flow and the typical maximum plant output is 4 MW. The individual unit characteristics of the Norway Hydro are provided in Table 4-5.

Table 4-5: Norway Hydro

	Unit 1	Unit 2	Unit 3	Unit 4
NET Output				
Min (MW)	---	---	---	---
Max (MW)	2	2	2	1.2
In-Service	1923	1923	1923	1923
Main Fuel	Water	Water	Water	Water

Oakdale Hydro is located near Monticello, Indiana, along the Tippecanoe River. The dam creates Lake Freeman, a body of water approximately 12 miles long with a maximum depth of 45 feet, which functions as its reservoir. Oakdale Hydro has three generating units capable of producing up to 9.2 MW. However, its output is dependent on river flow and the typical maximum plant output is 6 MW. The individual unit characteristics of the Oakdale Hydro are provided in Table 4-6.

Table 4-6: Oakdale Hydro

	Unit 1	Unit 2	Unit 3
NET Output			
Min (MW)	---	---	---
Max (MW)	4.4	3.4	1.4
In-Service	1925	1925	1925
Main Fuel	Water	Water	Water

Calvary Solar + Storage is located in White County, Indiana, and was originally approved in Cause No. 45462 as a BTA Energy Purchase Agreement or Contract for Differences between NIPSCO and Cavalry Energy Center, LLC. It was modified and approved as a NIPSCO wholly owned structure in Cause No. 45936 and went into commercial operation in May 2024. The individual unit characteristics of Cavalry are provided in Table 4-7.

Table 4-7: Cavalry Solar + Storage

	Cavalry
Solar Output	
Total Output (MW)	200
Storage Output	
Total Output (MW)	45
Output Period (Hrs.)	4
Discharge Limits (Cycles/Yr.)	100
In-Service	2024
Main Fuel	Solar + Storage

4.1.5 NIPSCO Wind and Solar Purchase Power Agreements and Joint Venture

NIPSCO is also engaged in a 20-year PPA with NextEra Energy Resources, LLC, in which NIPSCO will purchase the power directly from Jordan Creek, which will operate and maintain the facilities. Jordan Creek is located in Benton and Warren counties, Indiana, near Williamsport, Indiana, and went into commercial operation in December 2020. The individual unit characteristics of Jordan Creek are provided in Table 4-8.

Table 4-8: Jordan Creek Wind PPA

	Jordan Creek PPA		
NET Output			
Per Unit (MW)	2.8	2.3	2.5
Number of Units	131	14	1
Total Output (MW)	369	32	2.5
In-Service		2020	
Main Fuel		Wind	

The Rosewater wind project, developed and constructed by EDP Renewables North America LLC, is located in White County, Indiana, and went into commercial operation in December 2020. EDP Renewables and NIPSCO entered into a joint venture and ownership agreement for the Rosewater project. The individual unit characteristics of Rosewater are provided in Table 4-9.

Table 4-9: Rosewater Wind JV

	Rosewater JV
NET Output	
Per Unit (MW)	4
Number of Units	25
Total Output (MW)	100
In-Service	2020
Main Fuel	Wind

Indiana Crossroads, developed and constructed by EDP Renewables North America, LLC, is located in White County, Indiana, and went into commercial operation in January 2021. The individual unit characteristics of Indiana Crossroads are provided in Table 4-10.

Table 4-10: Indiana Crossroads Wind I JV

Indiana Crossroads Wind JV	
Net Output	
Per Unit (MW)	4.2
Number of Units	72
Total Output (MW)	300
In-Service	2021
Main Fuel	Wind

The Dunns Bridge I Solar project, developed and constructed by NextEra Energy Resources, LLC, is located in Jasper County, Indiana, and went into commercial operation in August 2023. The individual unit characteristics of Dunns Bridge I are provided in Table 4-11.

Table 4-11: Dunns Bridge I Solar JV

	Dunns Bridge I JV
Solar Output	
Total Output (MW)	265
In-Service	2023
Main Fuel	Solar

The Indiana Crossroads Solar project, developed and constructed by EDP Renewables North America, LLC, is located in White County, Indiana, and went into commercial operation in August 2023. The individual unit characteristics of Indiana Crossroads Solar are provided in Table 4-12.

Table 4-12: Indiana Crossroads Solar JV

	Indiana Crossroads Solar JV
Solar Output	
Total Output (MW)	200
In-Service	2023
Main Fuel	Solar

NIPSCO is engaged in a 15-year PPA starting in 2023 with EDP Renewables North America, LLC, in which NIPSCO will purchase the power directly from Indiana Crossroads II Wind, who will operate and maintain the facility. Indiana Crossroads II Wind, located in White County, Indiana, and went into commercial operation in December 2023. The individual unit characteristics of Indiana Crossroads II Wind are provided in Table 4-13.

Table 4-13: Indiana Crossroads II Wind PPA

	Indiana Crossroads II Wind PPA	
Net Output		
Per Unit (MW)	4.2	5.6
Number of Units	6	32
Total Output (MW)	25.2	179.2
In-Sevice	2023	
Main Fuel	Wind	

4.1.6 Total Resource Summary

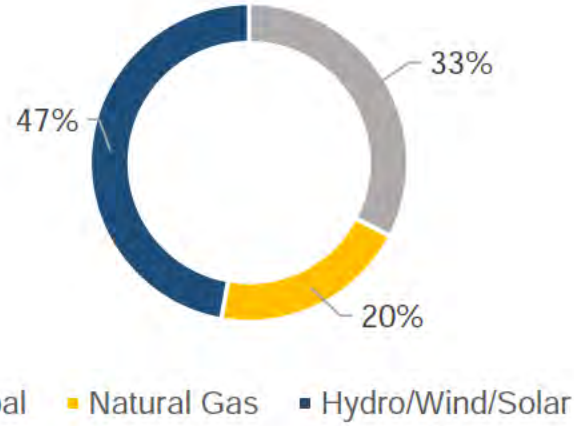
Table 4-14 illustrates various characteristics of NIPSCO's owned and contracted generating units. Figure 4-1 illustrates NIPSCO's existing resources by fuel type.

Table 4-14: Existing Generating Units

Resource	Unit	Fuel	Capacity NDC (MW)	Year in Service
Michigan City	12	Coal	469	1974
Schahfer	16A	NG	78	1979
	16B	NG	77	1979
	17	Coal	361	1983
	18	Coal	361	1986
		Subtotal	877	
Sugar creek		NG	578	2002
Hydro	Norway	Water	4	1923
	Oakdale	Water	6	1925
		Subtotal	10	
Wind	Rosewater	Wind	100	2020
	Jordan Creek	Wind	400	2020
	Indiana Xrds I	Wind	300	2021
	Indiana Xrds II	Wind	200	2023
		Subtotal	1,000	
Solar + Storage	Dunns Bridge I	Solar	265	2023
	Indiana Xrds	Solar	200	2023
	Cavalry	Solar + Storage	245	2024
		Subtotal	710	
NIPSCO			3,644	

NG=Natural Gas

Figure 4-1: Existing Resources Net Demonstrated Capacity



4.2 Fuel, Energy, and Capacity Procurement Strategy for Existing Resources[63]

As NIPSCO operates as a public utility providing reliable electric service to customers, the procurement of fuel, energy, and capacity at the lowest reasonably possible cost is the foundation of NIPSCO's strategy. NIPSCO's Fuel Supply team ensures all fuel, energy, and capacity supply meets the requirements of Indiana Code § 8-1-2-42(d).

4.2.1 Coal Procurement and Inventory Management Practices

4.2.1.1 Coal Supply Strategy

NIPSCO employs a multifaceted strategy to execute coal procurement activities associated with the fuel supply requirements for its coal-fired units. The goal of this strategy is to maximize reliability while maintaining customer affordability. Key elements include: (1) procuring coal supply from sources that minimize the delivered cost of coal, O&M costs, environmental costs, inventory costs, and other financial impacts ("total cost of ownership"); (2) hedging customers' price exposure with forward purchases to protect against price volatility; (3) supporting environmental compliance; (4) maintaining reliable inventory levels; (5) ensuring reliability of coal supply and delivery; and (6) maximizing operational flexibility and reliability by procuring coal types that can be used in more than one unit whenever possible.

63 Due to the timing of the IRP, this section was written during the summer of 2024 and the market overview is based on the market conditions at that time. The IRP is an imperfect snapshot in time and changes in market conditions may occur. At the time of submission of the IRP, it is unknown how long current trends will continue. As always, NIPSCO will continue to monitor the markets and adjust procurement plans as necessary.

4.2.1.2 Coal Procurement

NIPSCO maintains a five-year baseline coal forecast that is used to create a strategy that drives its fuel procurement plan. The forecast is used to estimate coal and related coal transportation procurement requirements needed to maintain reliable and economic coal inventory levels. The strategy and fuel procurement plan are highly dynamic and are updated on a periodic basis in response to energy market conditions. Over the past several years, environmental regulations, a significant influx of highly variable renewable generation (e.g., wind and solar), low natural gas prices, and energy efficiency and other demand-side initiatives have made coal-fired generation the marginal supply source. Consequently, this has created an environment with highly variable and nearly unpredictable coal purchase requirements. Therefore, NIPSCO's fuel procurement plans must remain as flexible as possible while still maintaining supply reliability. Obtaining volume flexibility can be challenging since coal suppliers and transportation providers typically require firm volume commitments.

4.2.1.3 Coal Pricing Outlook

Coal competes for a share of the energy market against other fuels (natural gas, nuclear, and oil), renewable energy sources (biomass, hydro, wind, and solar) and energy efficiency programs. Specifically, energy market supply and demand generally set the market price of these competing sources. Also, coal prices are influenced by the supply and demand balance in domestic, international, and metallurgical coal markets, coal production costs, transport costs, and environmental compliance considerations. Over the last decade, energy market dynamics have been heavily influenced by the increased exploration and production of North American shale oil and gas resources and have fundamentally altered the price spread between coal and natural gas. Lower production costs and highly efficient natural gas extraction processes (horizontal drilling and fracking) have kept natural gas a competitive fuel when used in high-efficiency CCGT units. In addition, increases in wet gas production to gather petroleum liquids further increase natural gas supply when oil prices rise.

These market dynamics displaced a significant amount of coal-fired electric generation and have kept coal prices relatively low. In addition, the acceleration of coal unit retirements nationwide further decreased coal demand, and higher mining costs driven by government regulations have adversely impacted coal producers' margins and profits causing a number of producer bankruptcies over the last few years. The restructuring of coal companies' debt and other costs through the bankruptcy process has allowed some of these coal companies to continue coal production in this competitive environment. Class I railroads have also realized that their rates must be rationalized to allow coal to compete in this environment. Supply has been reduced, and any significant increase in demand could result in coal price volatility. This became evident in early 2022 through mid-2023 as energy shortages in Europe cascaded through global markets. In addition, post-pandemic consumer demand recovery, increased energy demand, and railroad union labor disputes caused significant rail transportation disruptions domestically.

These factors led to a myriad of supply chain challenges globally and contributed to a spike in coal prices and related coal transportation rates as Europe increased coal imports and U.S. coal demand increased while supply reliability decreased. This has since reversed, and pricing has

fallen back to pre-2022 levels. Going forward, several factors will likely limit the upside for coal prices in the long run. The first factor is the cost to produce electricity from coal has increased significantly due to stringent environmental regulations placed on coal-fired electric generation. A second factor is the continuation of coal-fired generation retirements, which will continue to reduce coal demand. Lastly, the competitiveness of natural gas generation and renewables will likely limit demand for coal.

Competition in energy markets has also driven a shift in coal supply regions over the last several years. Specifically, the relatively high cost to produce coal in the Central Appalachian regions and low coal prices have resulted in declining coal production and this has increased market share of the lower-cost ILB region. Even with its higher sulfur content, ILB coal has become an export resource, and its use has increased domestically as utilities have installed FGDs to meet tighter SO_2 limits and other emission standards. Some utilities in the Southeast are now using ILB coal, which replaced higher cost Columbian and Central Appalachia coal.

The PRB in Wyoming and Montana is the largest coal producing basin in the United States. PRB coal has a lower heat content than coals mined in other basins; however, some utilities have units designed to efficiently utilize lower cost PRB coal, and over the last 30 years, a number of utilities retrofitted older coal units to use PRB coal in a blend with either Central Appalachian, ILB, or NAPP coals to reduce their overall fuel costs and lower SO_2 emissions. U.S. coal exports have declined 1.6% annually over the last 10 years. India's demand for U.S. coal has grown on average by 20% annually over the same period offsetting declines in European demand.

In general, most export tonnage originates from Central Appalachian, ILB, and NAPP coal regions for metallurgical and steam coal markets abroad. Coal suppliers rely on international markets to offset losses in domestic markets; however, the pressure to reduce coal use worldwide, except for China and India, will likely reduce international demand in the long run as well.

Overall, these fundamentals are bearish for long-term coal demand. Notwithstanding, NIPSCO will continue to monitor market dynamics and coal prices and incorporate in its procurement strategies.

4.2.1.4 NIPSCO Coal Pricing Outlook

NIPSCO currently procures coal from three geographic regions in the United States: the PRB, the ILB, and the NAPP region. Domestic demand for coal has continued to trend lower over the last several years; therefore, prices are expected to remain relatively low and stable. NAPP coal and ILB coal market pricing spiked to record highs in 2022 but has fallen back to near historic lows and has been relatively flat. Pricing for PRB coal pricing spiked at the end of 2021, but also fell back to levels close the marginal cost of production and have remained relatively flat.

Domestic and international coal prices increased during 2021 as the economic recovery from the 2020 pandemic caused a surge in demand and prices spiked in 2022 due to the Ukraine-Russian conflict. Export dynamics can drive pricing modestly higher for some coal types (e.g., NAPP and ILB) when global demand increases as well; however, the long-term trends for both demand and pricing are bearish.

4.2.1.5 Coal and Issues of Environmental Compliance

Depending on the manner and extent of current and future environmental regulations, NIPSCO's coal purchasing strategy will continue to evolve in a manner that meets current and future environmental requirements.

4.2.1.6 Maintenance of Coal Inventory Levels

NIPSCO has an ongoing strategy to maintain stable coal inventories and reviews inventory targets levels annually. NIPSCO may adjust inventory targets to account for changes in coal supply availability, transportation constraints, unit consumption, energy pricing, and to account for coal unit retirements. NIPSCO may modify target inventory levels on a unit-by-unit basis depending on the consumption, delivery rates, reliability of coal supply, station coal handling operations, and retirement plans. Adequate inventories are essential to maintaining generation reliability. Uncertainty in consumption rates, variability in delivery performance, and higher energy market prices generally require higher levels of inventory to ensure reliability and minimize customer cost.

4.2.1.7 Forecast of Coal Delivery and Transportation Pricing

To ensure the delivery of fuel in a timely and cost-effective manner, NIPSCO negotiates and executes transportation contracts that consider historical, current, and future coal supply requirements. All fuel procurement options are compared on a delivered cost basis, which includes a complete evaluation of all potential costs (e.g., operational, environmental, handling, etc.) and logistical considerations.

Coal deliveries have been somewhat stable from the various supply regions. Railroads typically make investment in infrastructure and equipment to support anticipated shipment rates. The cyclical nature of the railroad business can create short-term transportation constraints and can impact NIPSCO's coal deliveries. These cycles have been shorter in duration and more volatile over the past several years. The decline in coal demand has made it difficult for railroads to invest in coal infrastructure, and this may lead to transportation constraints if there is a significant increase in overall coal demand.

Transportation rates have remained relatively flat over the last several years given the competition in the energy markets. Railroads have been willing to rationalize rail rates to remain competitive in the energy market. This pricing trend has kept NIPSCO's coal-fired generation competitive to a certain extent.

4.2.1.8 NIPSCO Transportation Pricing Outlook

NIPSCO has limited rail options from various supply regions for most of its coal transportation moves and is further disadvantaged due to its geographical location. Not only are rail transportation options limited, other transport modes (trucking, barging, and lake vessels) are not economically or logistically feasible alternatives. NIPSCO's largest generating station, Schahfer, is served by only one Class I railroad. All coal deliveries by this railroad to Schahfer

have been transported under agreements with escalating transportation rates plus a fuel surcharge indexed to oil prices. Beginning in 2017, NIPSCO and this railroad worked to develop a creative, market-based indexed agreement that lowered rates to improve the station's competitiveness in the market. A second indexed rate agreement has also been adopted with another railroad. As stated above, energy markets have forced a rationalization of coal pricing and associated transportation costs. NIPSCO expects this dynamic to continue for the foreseeable future.

As a result of these changes in the energy markets and agreement structures, NIPSCO's PRB and ILB coal transportation rates have declined in real terms since 2017. Fuel surcharges continue to fluctuate with the changes in oil prices. Transportation pricing is expected to remain soft as long as energy prices stay low and relatively flat over the next five years. Increases in transportation fuel charges could lead to modest transportation cost increases if oil prices trend higher.

4.2.1.9 Coal Contractual Flexibility, Deliverability, and Procurement

Contract terms for coal and coal transportation agreements range from one to five years in duration. Spot coal purchases are made on an as-needed basis to manage inventory fluctuations. Fuel blending strategies can be adjusted to conserve a particular type of coal if supply problems are experienced. In addition, coal suppliers and railroads have been more amenable to providing some volume flexibility, including lower minimum volume obligations or elimination of minimum volume obligations entirely. This flexibility has supported NIPSCO's inventory management efforts.

4.2.2 Natural Gas Procurement and Management

NIPSCO currently procures natural gas for its CCGT generating station using a natural gas supply contract with an energy manager that delivers to the interstate pipeline interconnect at the station, or other locations along the interstate pipeline upon request of NIPSCO for balancing purposes. NIPSCO currently holds firm capacity on Midwestern Gas Transmission Company interstate pipeline and releases the capacity to the energy manager. The contract has provisions to purchase next day and intraday firm gas supplies to serve the daily needs of the facility. NIPSCO nominates and balances the gas supply needs of the CCGT generating station. A portion of the gas supply for Sugar Creek is financially hedged with the intention of smoothing out market price swings over a specific time period. The volatility mitigation plan consists of purchasing monthly NYMEX Henry Hub natural gas contracts that settle at expiration.

The coal units and CTs at NIPSCO are located within the NIPSCO natural gas local distribution company service territory. NIPSCO maintains a separate contract for firm delivered natural gas supply and energy management for these units. The contract has provisions to nominate next-day usage based on the expected usage of each generating station. The actual usage is balanced daily, and balancing is the responsibility of the energy manager.

4.2.3 Electric Generation Gas Supply Request for Proposal Process

NIPSCO conducts two separate RFPs for the electric generation firm natural gas supply, one for the Sugar Creek facility and a separate one for the coal units and CTs. The RFP process may be done on a seasonal or annual basis, depending on the current contract length and supplier agreement. The process includes qualifying potential suppliers, customizing the RFP based on near-term system needs and gas supply trends. Suppliers are chosen based on the overall value of the package and ability to serve the needs of the facility. To date, NIPSCO has entered into electric generation gas supply agreements that extend no longer than two years but is always evaluating the value and benefits of longer-term agreements.

4.3 Planned Resource Summary

In addition to its existing resource portfolio, NIPSCO has a number of planned renewable resource projects with expected in-service dates through 2025. The planned projects have been filed with the Commission and are in various stages of development. The projects are summarized in Table 4-15.

Table 4-15: Planned Renewable Projects

Project	Technology	Expected ICAP (MW)	Battery Capacity (MW)	Expected In -Service
Carpenter	Wind	200	-	2025
Templeton	Wind	200	-	2027
Dunns Bridge II	Solar + Storage	435	56.25	2024
Green River	Solar	200	-	2024
Fairbanks	Solar	250	-	2025
Gibson	Solar	200	-	2025
Appleseed	Solar	200	-	2025
Total		1,685	56.25	

4.3.1 Planned Wind Resources

NIPSCO has entered into a 20-year PPA starting in 2025 with EDP Renewables North America, LLC, in which NIPSCO will purchase the power directly from Carpenter Wind, which will operate and maintain the facility. Carpenter Wind, located in Jasper County, Indiana, is expected to go into commercial operation by December 2025. The planned unit characteristics of Carpenter Wind are provided in Table 4-16.

Table 4-16: Carpenter Wind PPA

Carpenter Wind PPA		
Net Output		
Per Unit (MW)	4.5	4.3
Number of Units	33	12
Total Output (MW	148.5	51.6
In-Service	2025	
Main Fuel	Wind	

The Templeton wind project, currently under development by NextEra Energy Resources LLC, located in Benton County, Indiana, is expected to go into commercial operation in June 2027. It was originally contracted as a PPA with a 2025 in-service date and approved in Cause No. 45887 but has since been converted to a BTA. The individual unit characteristics of Templeton are provided in Table 4 17.

Table 4-17: Templeton Wind BTA

Templeton Wind BTA	
Net Output	
Per Unit (MW)	2.82
Number of Units	71
Total Output (MW)	200.22
In-Service	2027
Main Fuel	Wind

4.3.2 Planned Solar and Solar + Storage Resources

NIPSCO has five planned solar projects, one of which includes additional battery storage, that are expected to be in service by 2025.

Dunns Bridge II Solar + Storage is located in Jasper County, Indiana, and was originally approved in Cause No. 45462 as a BTA Energy Purchase Agreement or Contract for Differences between NIPSCO and Dunn's Bridge II Solar and Storage Generation LLC. It was modified and approved as a NIPSCO wholly owned structure in Cause No. 45936 and will go into commercial operation in January 2025. The planned unit characteristics of Dunns Bridge II are provided in Table 4-18.

Table 4-18: Dunns Bridge II Solar + Storage

	Dunns Bridge II
Solar Output	
Total Output (MW)	435
Storage Output	
Total Output (MW)	56.25
Output Period (Hrs.)	4
Discharge Limits (Cycles/Yr.)	100
In-Service	2025
Main Fuel	Solar + Storage

NIPSCO has entered into a 20-year PPA starting in 2025 with NextEra Energy Resources, LLC, in which NIPSCO will purchase the power directly from Green River, which will operate and maintain the facility. Green River, located in Breckenridge and Meade counties, Kentucky, is expected to go into commercial operation by June 2025. The planned unit characteristics of Green River are provided in Table 4-19.

Table 4-19: Green River Solar PPA

	Green River PPA
Solar Output	
Total Output (MW)	200
In-Service	2025
Main Fuel	Solar

Fairbanks Solar is located in Sullivan County, Indiana, and was originally approved in Cause No. 45511 as a BTA Energy Purchase Agreement or Contract for Differences between NIPSCO and Fairbanks Solar Generation, LLC. It was modified and approved as a NIPSCO wholly owned structure in Cause No. 46028 and will go into commercial operation in May 2025. The planned unit characteristics of Fairbanks are provided in Table 4-20.

Table 4-20: Fairbanks Solar

	Fairbanks Solar
Solar Output	
Total Output (MW)	250
In-Service	2025
Main Fuel	Solar

Gibson Solar is located in Gibson County, Indiana, and was originally approved in Cause No. 45926 as a BTA Energy Purchase Agreement or Contract for Differences between NIPSCO and Gibson Solar Generation, LLC. It was modified and approved as a NIPSCO wholly owned structure in Cause No. 46032 and will go into commercial operation in July 2025. The planned unit characteristics of Gibson are provided in Table 4-21.

Table 4-21: Gibson Solar

	Gibson Solar
Solar Output	
Total Output (MW)	200
In-Service	2025
Main Fuel	Solar

NIPSCO has entered into a 20-year PPA starting in 2022 with NextEra Energy Resources, LLC, in which NIPSCO will purchase the power directly from Appleseed, which will operate and maintain the facility. Appleseed, located in Cass County, Indiana, is expected to go into commercial operation by December 2025. The planned unit characteristics of Appleseed are provided in Table 4-22.

Table 4-22: Appleseed Solar PPA

	Appleseed Solar PPA
Solar Output	
Total Output (MW)	200
In-Service	2025
Main Fuel	Solar

4.4 MISO Wholesale Electricity Market

MISO supplies an important element to NIPSCO's long-term plans. MISO provides an enduring, relatively efficient market for marginal purchases and sales of electricity. In 2023, MISO has members from 15 states and one Canadian province with a generation capacity of 191,000 MW and 75,000 miles of high-voltage transmission. MISO manages one of the world's largest energy and operating markets that includes a Day-Ahead Market, Real-Time Market, and Financial Transmission Rights Market.

4.4.1 Operations Management and Dispatch Implications

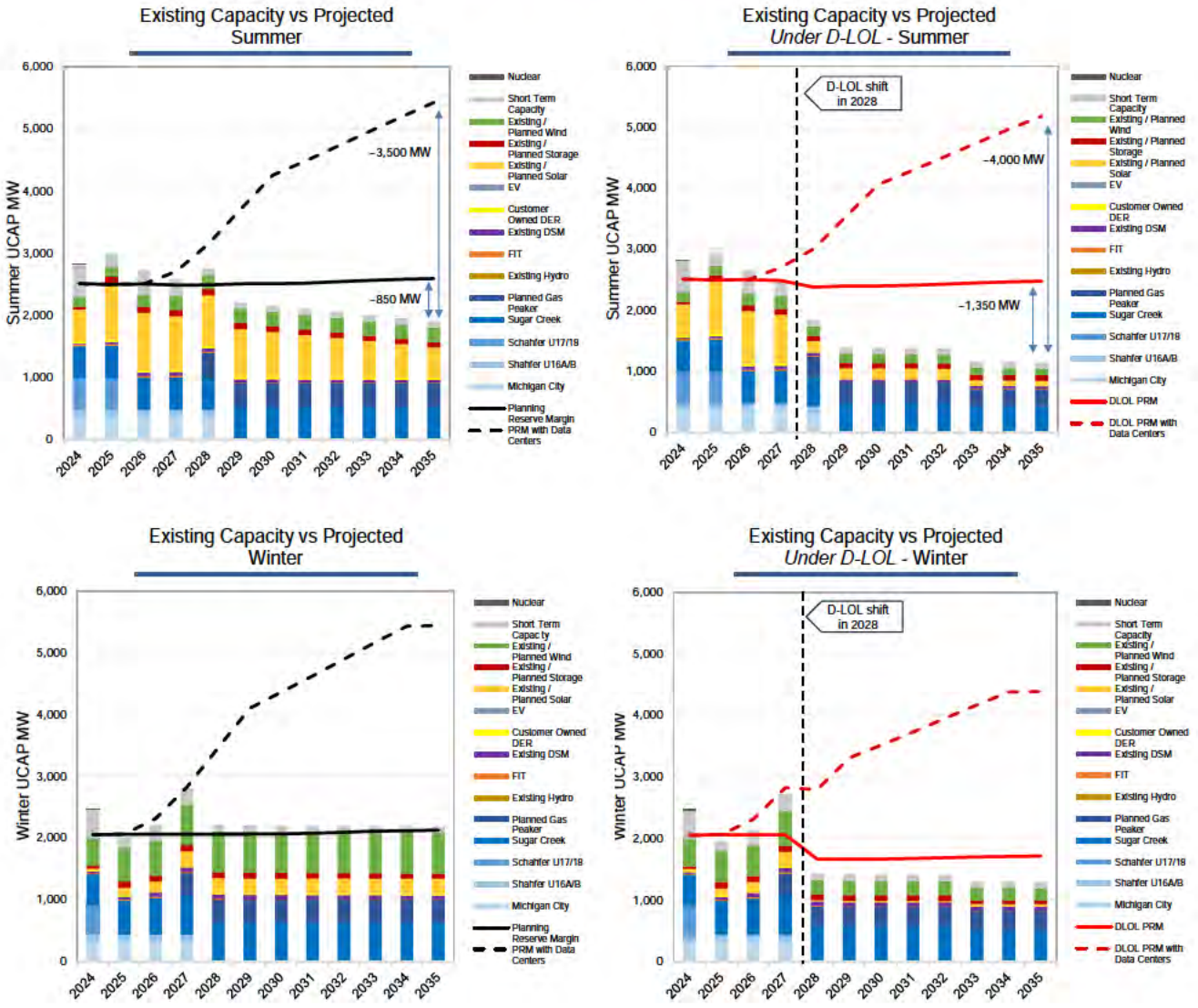
The future dispatch of NIPSCO's electric generation fleet will be a function of the cost to market price (or locational marginal price). Many factors will contribute to the dispatch of local units within NIPSCO's service territory. The delivered cost of coal and natural gas, transmission congestion, environmental considerations, and the overall generation mix within MISO may affect the level of future dispatch.

4.5 Resource Adequacy and Current Supply-Demand Balance

Consistent with the principles set out in Section 1, NIPSCO is committed to meet the energy needs of its customers with reliable, compliant, flexible, diverse, and affordable supply. As part of the Resource Adequacy planning process, NIPSCO utilizes the peak demand forecast coincident with MISO peak demand to determine its capacity requirements across each of the four MISO planning seasons. The MISO coincident peak is where NIPSCO demand is projected to be at the time the entire MISO system peaks.

With the onset of MISO's seasonal resource adequacy construct, NIPSCO now needs to track reserve margin compliance across four seasons. In addition, as renewable resources become a greater share of the broader MISO market system, the seasonal capacity credit will likely change over time and will need to be monitored, particularly in light of MISO's recent D-LOL filing, which proposes a new methodology for resource accreditation and load serving entity obligations. (See Section 2 for more information related to MISO's D-LOL filing, which FERC approved in October 2024.) NIPSCO's assessment of its existing and planned resources against the future needs of its customers for both the summer and winter seasons under current market rules expectations and the new D-LOL construct is shown in Figure 4-2. Note that NIPSCO's 2024 IRP is assessing all four seasons, but summer and winter are shown for simplicity.

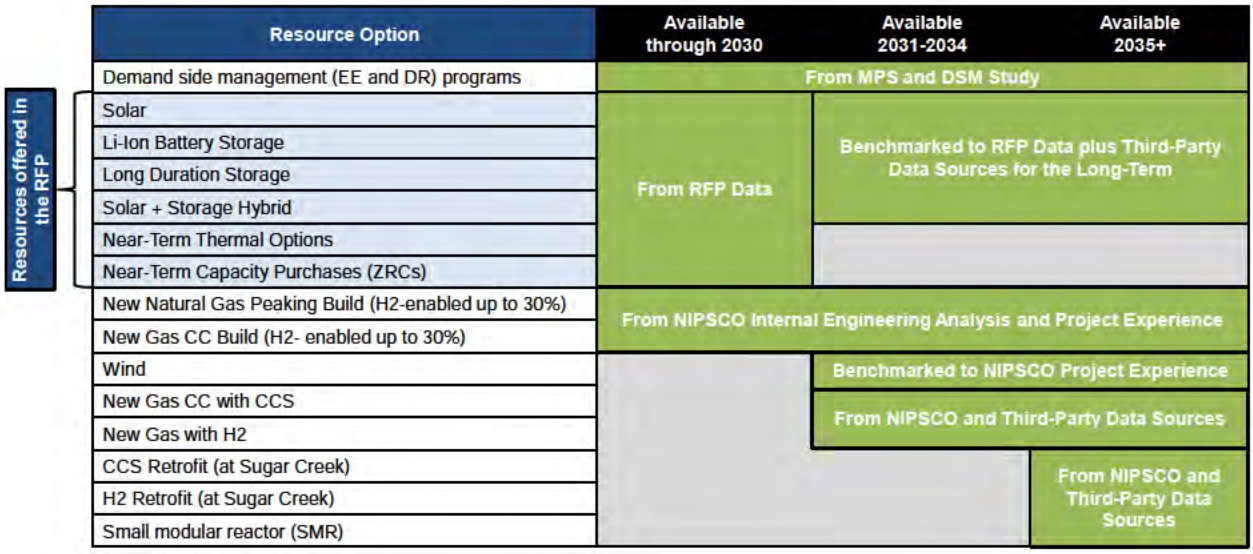
Figure 4-2: Resource Adequacy Assessment



4.6 Future Resource Options

NIPSCO developed cost, operational, and availability assumptions for a comprehensive set of new resource options using information from actual market data received via Requests for Proposal, internal engineering analysis and project experience, and third-party data sources, along with the demand side management study documented further in Section 5. A summary of all resource options, their assumed availability, and their source of key cost and operational assumptions is provided in Figure 4-3, with the remainder of this section providing additional supporting detail.

Figure 4-3: Overview of New Resource Options



4.6.1 Request for Proposal

As demonstrated in the 2024 IRP, the cost and operational estimates for future resource options modeled in the IRP should reflect the best available market data. In 2024, NIPSCO worked with CRA's Energy practice during the spring and early summer of 2024 to conduct four separate RFP events covering all sources. NIPSCO provided the RFP design summary to stakeholders on April 23, 2024, and solicited feedback. After incorporating stakeholder feedback, NIPSCO and CRA formally launched the RFP events on May 1, 2024. The bid windows were RFP-specific, but all were closed by June 20, 2024. During NIPSCO's second Public Advisory meeting on June 24, 2024, CRA reviewed for stakeholders the RFP design and timeline and presented a preliminary assessment of the level of interest in the set of RFP.

The RFPs provided several guidelines to bidders, which are summarized below:

- Technology: The RFPs requested all solutions regardless of technology.
    - Event 1: RFP for intermittent resources including renewables and renewable paired with storage, located in LRZ6;
    - Event 2: non-intermittent resource RFP for LRZ6 resources;
    - Event 3: RFP for Bridge Resources including facilities offering near-term energy and capacity options located in LRZ6 or the broader MISO region; and
    - Event 4: RFP for up to 10 MW of Distributed Energy Resources.

- Size: Each solicitation included an estimate of the overall need, 400 MW, 600 MW, 1,000 MW, and 10 MW for RFPs 1 through 4, respectively. There were no specific size restrictions on individual projects or restrictions at the bidder levels.

- Ownership Arrangements: The RFPs were open to asset purchases (new or existing) and PPAs. However, they required that resources qualify as MISO internal generation (i.e., not pseudo-tied into MISO).

- Duration: Aside from RFP 3, Bridge Resources, the RFPs requested delivery beginning in 2027, 2028, and 2029, but indicated that alternative deliveries would be evaluated. The minimum contractual term and/or estimated useful life was requested to be five years. For RFP 3, NIPSCO was targeting resources available within 18-36 months and would consider durations as short as three years.

- Deliverability: For the All-Source RFP (RPF 1 and RFP 2), NIPSCO required that bidders have physical deliverability utilizing Network Resource Integration Service to MISO LRZ6. RFP 3 allowed for resources within the broader MISO region. RFP 4, for DER resources, considered distribution interconnected options.

- Participants and Pre-Qualification: The RFPs required counterparties be credit-worthy to ensure an ability to fulfill future resource obligations.

Overall, the RFPs generated a large amount of bidder interest, with 116 total proposals received across a range of deal structures. Within those 116 proposals, NIPSCO received bids for 58 individual projects across five states/regions with over 9.63 GW of ICAP represented.[64] Many of the proposals offered variations on pricing structure and term length, and the majority of the projects were in various stages of development. A summary of the total number of proposals received by technology type is shown in Figure 4-4.

Figure 4-4: Summary of Number of Proposals Received by Technology Type

Deal Structure	Solar	Solar + Storage	Standalone Storage	Thermal/ Other	ZRC	Wind	Total
Asset Sale	1	2	12	2	-	-	17
PPA/Toll	20	12	26	6	7	-	71
Asset Sale + PPA/Toll	1; 1	4; 4	9; 9	-	-	-	14 (28)
Total Count	23	22	56	8	7	-	116*
Locations	IN, KY	IN, KY	IN, KY	IN, PA	LRZ4, PJM	-	

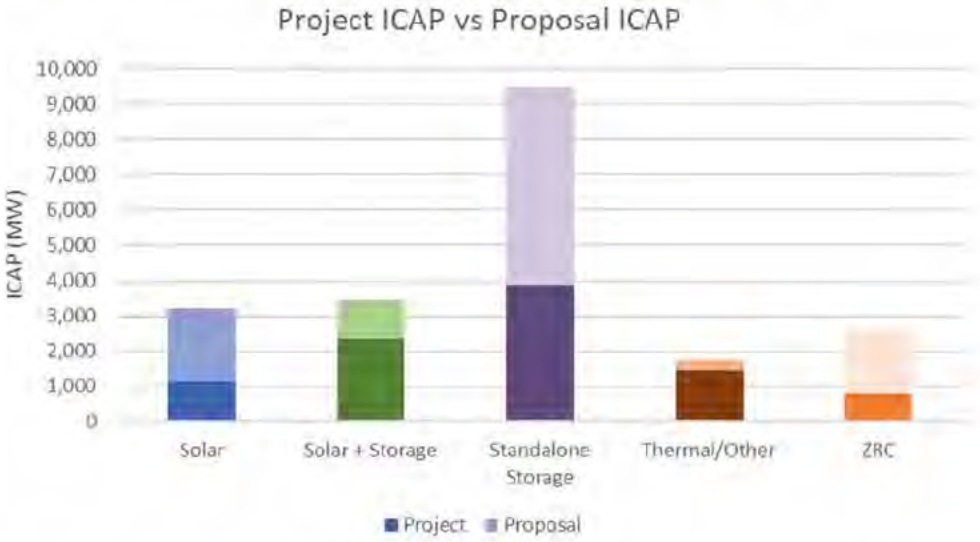
**Proposal count includes mutually exclusive projects. Projects offered as both Asset Sale and PPA/Toll are counted in the total as two proposals.*

On a total MW basis, 20.53 GW of proposals were submitted into the RFP, some of which were mutually exclusive. The 20.53 GW value represents multiple contract options for 58 projects with a total ICAP of 9.63 GW, providing a sufficiently large set of candidate options for NIPSCO to evaluate for capacity needs during the RFP delivery window. Because MISO is moving to a

[64] CRA received a bid package from one bidder following the formal bid deadline. This bid included 3 proposals for 2 separate storage facility options.

seasonal construct for capacity credit, the UCAP value of each bid is dependent on the type of facility and MISO's final seasonal capacity metrics. Figure 4-5 shows a summary of total MW offered in response to the RFPs by type.

Figure 4-5: Total MW of Proposals Received by Technology



Most PPA offers were relatively long in duration, with the majority of proposals offering contracts for 15-year terms or longer. Several bidders offered shorter-term options, including a number that provided NIPSCO with options to select from multiple duration possibilities. Figure 4-6 provides a summary of the total ICAP MW offered by duration.

Figure 4-6: Summary of Proposals Received by PPA Duration (ICAP MW)

Proposal MW ICAP by PPA Term Length (PPA or Both) and Technology

Term (Years)	Solar	Solar + Storage	Standalone Storage	Thermal/Other	ZRC	Wind	Total (MW)
1	-	-	-	-	800	-	800
2	-	-	-	150	800	-	950
3	-	-	-	-	800	-	800
4	-	-	-	-	200	-	200
5	-	-	-	450	-	-	450
6-15	201	300	796	-	-	-	1,297
>15	2,690	2,158	4,726	1,050	-	-	10,624
Total	2,891	2,458	5,522	1,650	2,600	-	15,121

Most importantly, the responses to the RFPs provided transactable cost and price information to be incorporated in the IRP analysis. Overall, much of the cost information was relatively consistent with past NIPSCO RFPs subject to market adjustments. This indicated that technology change and developer activity in a competitive process are dynamic forces that

influence the costs of resource options for NIPSCO in the future. NIPSCO provided a summary of the various proposals by type and by price in NIPSCO's second Public Advisory meeting, with additional detail on bid price offered in Section 4.6.2 of this 2024 IRP report.

4.6.1.1 Storage at NIPSCO Sites in the RFP

As part of the All-Source RFP (RFP 1 and RFP 2), the Company requested support for potential development of storage resources located at existing NIPSCO renewable sites. Current, high-priority sites include Schahfer, Michigan City, Dunns Bridge I and II, Cavalry, Gibson, and Fairbanks. Through the RFP, NIPSCO provided interested developers available information to support potential development. NIPSCO anticipates using generator replacement at Schahfer and Michigan City associated with storage development. As a result, both would require NIPSCO asset ownership of storage assets, although ownership structures other than a BTA were considered acceptable. For other sites, NIPSCO intends to use surplus interconnection service and while not technically required, NIPSCO expressed a strong preference for ownership bids.

The RFP generated proposals from seven (7) bidders for development options related to storage at NIPSCO renewable sites. Eleven (11) facilities representing 1,512 MW were submitted for consideration.

4.6.1.2 Long-Duration Storage in the RFP

Although a large majority of storage bidders in the RFP offered four-hour duration lithium-ion battery storage technologies, longer-duration storage technologies may become more viable over the long term in order to balance diurnal variations in renewable energy resources as well as variations in demand from weekends (low demand) to weekdays (high demand). The technology can also provide needed capacity during longer-duration weather events, such as snowstorms, extended cloud cover, or wind droughts that could last for several days.

NIPSCO received long-duration storage bids from three participating bidders. All submissions were for asset sales and based on the following technologies:

- **Iron-Air storage** is a technology that promises multi-day energy storage capability. Proposals stated the potential for up to 100 hours of storage based on reversible oxidation principles. The principle of operation is static, reversible rusting. Each cell consists of iron anodes and air cathodes submerged in water-based, non-flammable alkaline electrolyte. While discharging, the battery converts iron metal to rust using oxygen from ambient air. While charging, an electrical current converts the rust back to iron, releasing oxygen.

- **Compressed CO2** technology involves the compression of gaseous CO2, which heats it. Passing it through a heat exchanger and a thermal store cools the supercritical carbon dioxide gas enough to liquify it. The liquid CO2 can be stored in this state indefinitely in pressurized cylinders. When energy is required, the CO2 is passed back through the heat exchanger, where it is warmed by recovering heat from the heatstore and reverts to high-pressure gas. The gas is used

to drive a turbine to generate electricity as it passes back into the low-pressure store, completing the closed cycle.

4.6.2 Incorporation of the RFP Results into the IRP

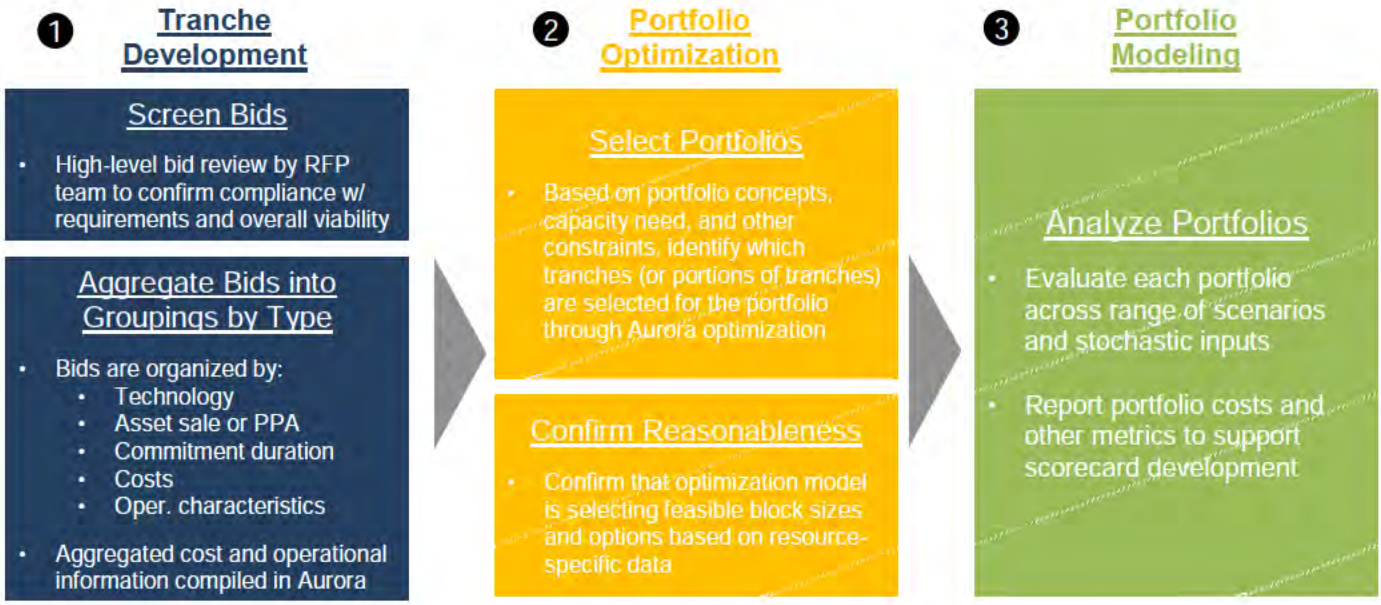
After gathering the bidder data from the RFP, the next step in the process was to organize the information and incorporate the results into the IRP analysis. NIPSCO and CRA developed a three-step process for RFP-IRP integration, which is outlined in Figure 4-7:

(1) Tranche Development: Screen bids for viability and organize the various bids into groupings or tranches according to technology, whether the bid offered a PPA or an asset acquisition, the bid's commitment duration, and the bid's costs and operational characteristics.

(2) Portfolio Optimization: Perform portfolio optimization analysis based on NIPSCO's potential capacity need and other portfolio design constraints (as discussed in more detail in Section 9), confirming option viability based on feasible block sizes of tranche data from the RFPs.

(3) Portfolio Modeling: Analyze comprehensive portfolios with selected tranches from the portfolio optimization step and other resource options and analyze them across the full set of scenarios and stochastic inputs.

Figure 4-7: Tranche Development and Assessment Process



4.6.2.1 Tranche Development

It was determined that a tranche approach would be most effective in aggregating the numerous data points from the RFPs into usable IRP information for three main reasons:

- The IRP is intended to select the best resource mix and future portfolio concept rather than select specific assets or projects. While the IRP analysis can now be highly informed by actionable data from the RFPs, it is only meant to develop a planning-level recommended resource strategy. NIPSCO determined that asset-specific selection would require an additional level of diligence, including assessment of development risk, evaluation of locational advantages or disadvantages for specific projects, and review of transmission system impacts, to be conducted outside of the standard IRP process.

- The IRP is a highly transparent and public process that requires sharing of major inputs with stakeholders and the public. There would be confidentiality concerns with showing and analyzing asset-level options, which would contain specific cost bids and detailed technology data.

- The IRP modeling is complex, and resource grouping improves the efficiency of the process. Resource evaluation requires organizing large amounts of operational and cost data into IRP models, so a smaller data set would improve the efficiency of setup and runtime.

When developing tranches, the CRA RFP team first organized resources by technology and then sorted them into categories according to whether they were offered as asset sales or PPAs. Projects were screened by the RFP team to determine conformity with bid requirements, and any nonconforming bids were eliminated. Duplicate projects that were offered multiple times under different structures were consolidated into the lowest-cost option to avoid double-counting. Beyond the initial organization and screening, the bids were then arranged by commitment duration and finally costs and operational characteristics.

Ultimately, the tranche development process resulted in the production of 29 total tranches. These are summarized by resource type Figure 4-8, Figure 4-9, Figure 4-10, and Figure 4-11. Note that in instances where single bids were used to develop tranche-level cost information, redactions have been made for the public version of this report.

Figure 4-8: Summary of Stand-Alone Storage RFP Tranches

	Installed Capacity (MW)	In-Service Year[1]	Storage Duration (Hours)	Round Trip Efficiency	PPA Price ($/kW-mo)	PPA Term (Years)	Asset Sale Price ($/kW)	ITC Assumption	Fixed O&M (2024 $/kW-yr)2
Storage PPA 1	768	2028	4	85%	$11.99	20	N/A	N/A	N/A
Storage PPA 2	200	2028	4	85%	$14.95	20	N/A	N/A	N/A
Storage PPA 3	261	2027	4	85%	$15.59	20	N/A	N/A	N/A
Storage PPA 4	166	2029	4	85%	$16.85	20	N/A	N/A	N/A
Storage Sale 1	1,750	2028	4	85%	N/A	N/A	$1,534	40%	$40
Storage Sale 2	900	2028	4	85%	N/A	N/A	$2,144	40%	$40
Storage Sale 3	18	2027	10	75%	N/A	N/A	Redacted – single bid / tech data	40%	Redacted – single bid / tech data
Storage Sale 4	100	2028	100	35%	N/A	N/A		40%	
DER Storage PPA	10	2027	4	85%	Redacted – single bid	20	N/A	N/A	N/A

Notes:
Each tranche listed represents a group of mutually exclusive projects, and certain cost data has been redacted, since it was developed from single RFP bids.
1: In-service years are generally anchored to the latest online date for resources within the tranche, which may be in the middle of the reported calendar year.
2: Baseline assumptions from NREL ATB used for tranche modeling purposes.

Figure 4-9: Summary of Solar RFP Tranches

	Installed Capacity (MW)	In-Service Year[1]	PPA Price ($/MWh)	PPA Term (Years)	Asset Sale Price ($/kW)	ITC Assumption	Fixed O&M (2024 $/kW-yr)[2]
Solar PPA 1	425	2028	$68.75	20	N/A	N/A	N/A
Solar PPA 2	325	2027	$69.42	20	N/A	N/A	N/A
Solar PPA 3	201	2028	Redacted – single bid	15	N/A	N/A	N/A
Solar PPA 4	200	2028	$75.45	25	N/A	N/A	N/A
Solar Sale 1	130	2027	N/A	N/A	$2,096	40%	$23
Solar Sale 2	200	2029	N/A	N/A	$2,350	40%	$23
DER Solar PPA 1	10	2028	Redacted – single bid	20	N/A	N/A	N/A

Notes:
Each tranche listed represents a group of mutually exclusive projects, and certain cost data has been redacted, since it was developed from single RFP bids.
1: In-service years are generally anchored to the latest online date for resources within the tranche, which may be in the middle of the reported calendar year.
2: Baseline assumptions from NREL ATB used for tranche modeling purposes.

Figure 4-10: Summary of Solar+Storage Hybrid RFP Tranches

	Installed Solar Capacity (MW)	Installed Storage Capacity (MW)	Storage Duration (Hours)	In-Service Year[1]	PPA Price ($/MWh)	PPA Price ($/kW-yr)	PPA Term (Years)[2]	Asset Sale Price ($/kW)[3]	ITC Assumption	Fixed O&M (2024 $ /kW-yr)[4]
Hybrid PPA 1	453	250	4	2028	$64.33	$10.94	20	*N/A*	*N/A*	*N/A*
Hybrid PPA 2	300	225	4	2027	$64.96	$11.26	20	*N/A*	*N/A*	*N/A*
Hybrid PPA 3	250	125	4	2028	$72.58	$13.13	20	*N/A*	*N/A*	*N/A*
Hybrid PPA 4	200	100	4	2027	$81.49	$12.05	25	*N/A*	*N/A*	*N/A*
Hybrid Sale 1	164	164	4	2027	*N/A*	*N/A*	*N/A*	$1,944	40%	$35
Hybrid Sale 2	300	125	4	2028	*N/A*	*N/A*	*N/A*	$2,007	40%	$30
Hybrid Sale 3	343	171	4	2028	*N/A*	*N/A*	*N/A*	$2,538	40%	$31

Notes:
Each tranche listed represents a group of mutually exclusive projects, and certain cost data has been redacted, since it was developed from single RFP bids.
1: In-service years are generally anchored to the latest online date for resources within the tranche, which may be in the middle of the reported calendar year.
2: For modeling purposes, the shortest PPA term in the tranche was used even though the Hybrid PPA 2 and Hybrid PPA 3 tranches have bids varying between 20 and 25 years.
3: Note that asset sale price is based on the total installed capacity (solar + storage) of the tranche.
4: Assumptions from NREL ATB used for tranche modeling purposes, weighted by solar:storage ratio within the tranche.

Figure 4-11: Summary of Thermal and ZRC RFP Tranches

	Installed Capacity (MW)	In-Service Year[1]	Comments	PPA Term (Years)
Thermal PPA 1	600	2028	New Gas CC	20
Thermal PPA 2-4	150	2026	Various contractual options (heat rate call or blocks)	5
Thermal PPA 5	150	2027	Coal-based energy and capacity	2
Thermal Sale 1	18	2027	Existing gas peaker	*N/A*
ZRC 1-4	200	2025/26 – 2029/30	PJM external resource delivered to MISO border	Multiple options
ZRC 5-7	600	2025/26 – 2026/27	LRZ 4 delivery	Multiple options

Notes:
Each tranche listed represents a group of mutually exclusive projects. Cost data is not provided, given the fact that these tranches align to individual bids.
1: In-service year may be in the middle of the reported year.

4.6.3 Longer-Term New Resource Assumptions – Mature Technologies

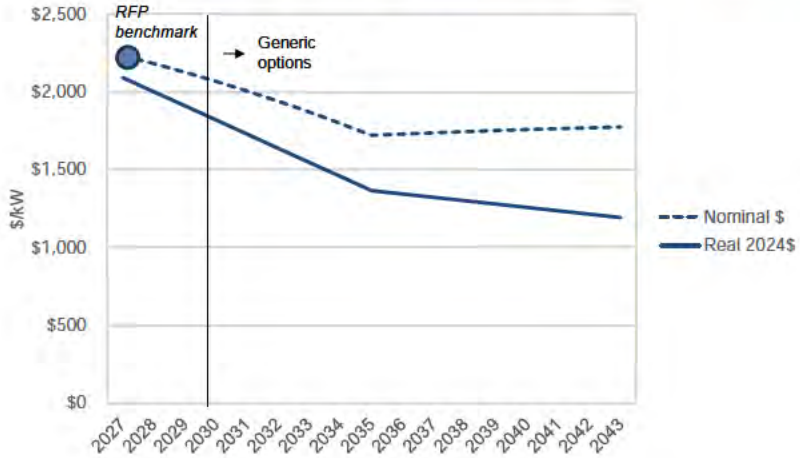
Beyond the RFP period, NIPSCO used a combination of RFP data, recent project experience, and third-party sources to develop cost and operational assumptions for well-

established technologies like solar, short-duration storage, wind, and natural gas-fired peaking and combined cycle technologies.

4.6.3.1 Solar, Wind, and Four-Hour Lithium-Ion Storage

For solar, wind, and four-hour lithium-ion storage resource assumptions over the long term, NIPSCO benchmarked cost data to RFP results or recent project experience[65] and applied technology learning curves using the "moderate" decline rate from NREL's Annual Technology Baseline report. The capital cost projections and assumed fixed operations and maintenance costs for these three technologies are summarized in Figure 4-12, Figure 4-13, and Figure 4-14.

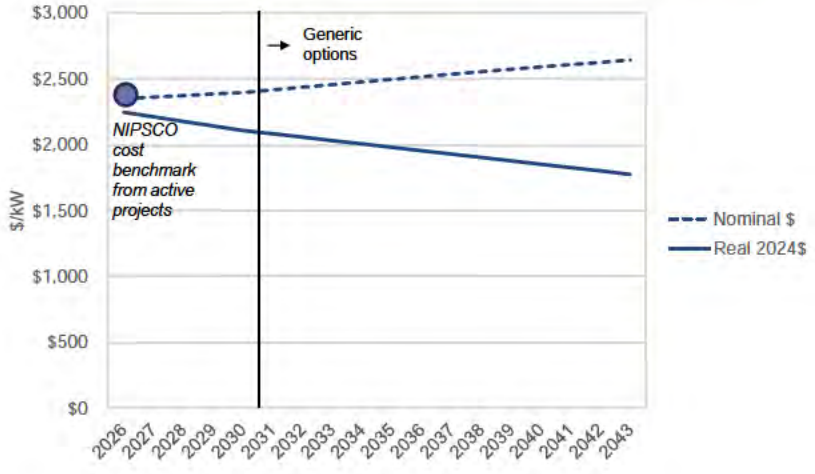
Figure 4-12: Long-Term Solar Cost Assumptions



Category	Assumption
Fixed O&M (2024$/kW-yr)*	$22
Capacity Factor	25%
Tax Credit Eligibility Assumption	40% ITC

**NREL ATB assumptions for 2027 benchmark year*

Figure 4-13: Long-Term Wind Cost Assumptions

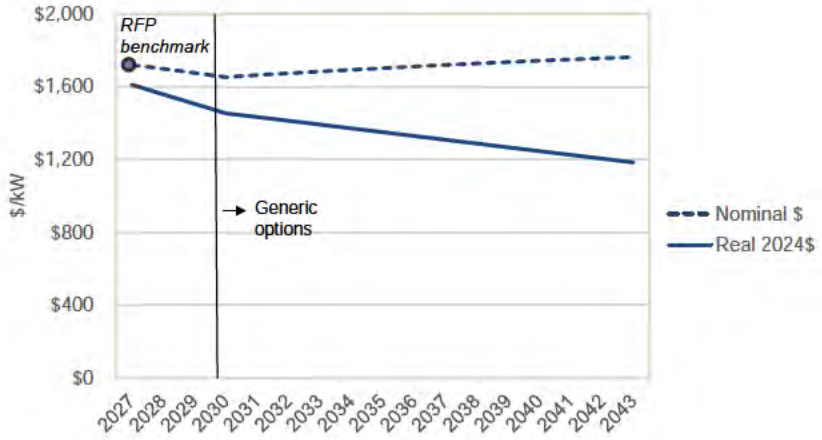


Category	Assumption
Fixed O&M (2024$/kW-yr)*	$34
Capacity Factor	39%
Tax Credit Eligibility Assumption	PTC

**NREL ATB assumptions for 2026 benchmark year*

65 Note that no wind resources offered into the RFP, so NIPSCO's cost benchmarking data relied upon information from NIPSCO projects currently under development.

Figure 4-14: Long-Term Four-Hour Lithium-Ion Storage Cost Assumptions



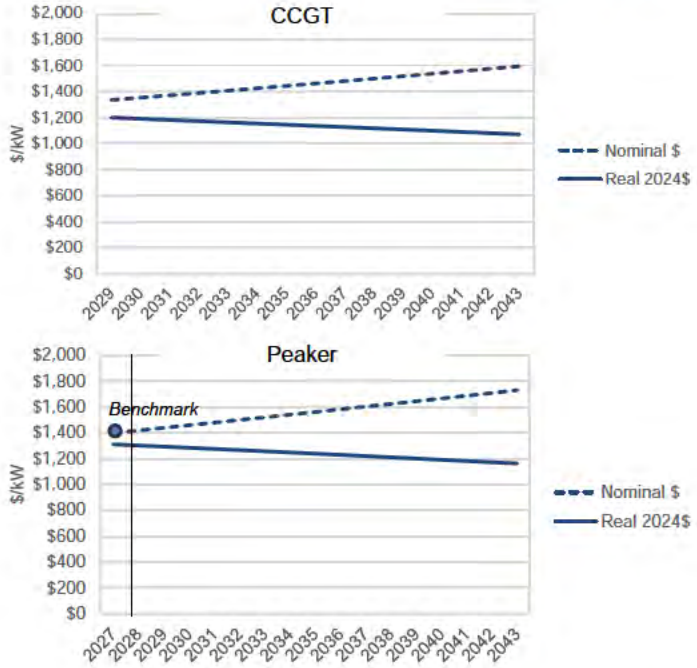
Category	Assumption
Fixed O&M (2024$/kW-yr)*	$40
Round Trip Efficiency	85%
Tax Credit Eligibility Assumption	40% ITC

**NREL ATB assumptions for 2027 benchmark year*

4.6.3.2 Natural Peaking and Combined Cycle

For new natural gas resource options, NIPSCO relied on internal engineering analysis and recent cost benchmarks for its recently proposed natural gas peaking project and applied technology learning curves using the "moderate" decline rate from NREL's Annual Technology Baseline report. In 2024 dollars, a new peaking resource was estimated at $1,284/kW based on NIPSCO's ongoing actual project experience. For new CCGTs, NIPSCO built the total "inside the fence" costs based on a high-level estimate provided by an external engineering consulting firm, based on 2 x 1 configurations in increments of 650 MW or 1,300 MW. Then for other costs, including electric interconnection, gas interconnections, water interconnection, owner's cost, and project contingency, NIPSCO escalated costs from an earlier IRP study at the historical inflation rate and projected inflation rate assumptions. This led to a total a total cost of $1,225/kW in 2024 dollars. The capital cost projections and assumed fixed operations and maintenance costs are summarized in Figure 4-15.

Figure 4-15: Long-Term Natural Gas Resource Option Cost Assumptions



Category	Peaker	CCGT
Fixed O&M (2024$/kW-yr)*	$24	$37
First Available Year	2028	2029

**NREL ATB assumptions for appropriate benchmark years*

4.6.4 Emerging Technologies – Hydrogen

The 2024 IRP incorporates the potential for significant system load growth, and NIPSCO recognizes that new, emerging technologies will be needed to achieve emission reduction levels that aim toward a net zero target. One such technology is the use of hydrogen as an alternative fuel to natural gas. The concept of using hydrogen as a source of clean fuel or as a long-duration storage solution has been present in the energy industry for some time. When burned for fuel or consumed in a fuel cell, pure hydrogen emits zero greenhouse gas emissions. In addition, once produced, hydrogen may be stored in existing natural gas infrastructure until it is ready to be burned for fuel in a gas turbine, distributed for residential and commercial heating, or sold to an industrial customer. Due to these characteristics, hydrogen has the potential to be a dispatchable, versatile, zero-emitting alternative to fossil fuels or intermittent resources.

Many obstacles exist to achieving cost-effective, widespread production and consumption of hydrogen in the near term (including cost, lack of availability of transportation and distribution infrastructure, and regulatory uncertainty). However, emerging investment across the energy value chain, federal encouragement, and significant tax credit opportunities may make the technology viable over the mid- to long term.

For the 2024 IRP, NIPSCO considered hydrogen as a possible resource option and developed cost inputs based largely on independent research and analysis. The remainder of this section provides additional context around hydrogen production and a discussion of NIPSCO's key input assumptions.

4.6.4.1 Hydrogen Production Technology

Hydrogen has the potential to store and deliver zero-emitting energy. However, hydrogen does not typically exist in an isolated form in nature and must be produced from compounds containing it. Today, hydrogen is most commonly produced from thermal processes such as SMR of natural gas, producing what is referred to as "grey" hydrogen (or "blue" hydrogen, if a carbon capture and storage facility is further used to capture and store the carbon emissions from the SMR process). In addition, as electrolyzer and renewable prices become more competitive, and as federal tax credits offer significant subsidies for the production of clean hydrogen, the use of renewable energy to power the process of water electrolysis to produce "green" hydrogen may also become viable. Green hydrogen is made by using zero-emissions electricity to power an electrolyzer, which splits water into hydrogen and oxygen through the electrolysis process while producing no greenhouse gas emissions.

Green hydrogen is currently more expensive than grey or blue hydrogen, primarily due to low economies of scale, and it is not produced commercially. However, the hydrogen tax credit, expectations for significant improvements in system cost components, continued market evolution toward increased renewable penetration, technology advancement associated with carbon capture and storage, and potential future carbon regulation may make green and blue hydrogen production more attractive in the long term.

4.6.4.2 Hydrogen Production Constructs

While clean hydrogen is not currently produced at a commercial scale, a "hydrogen economy" could one day develop in one of many forms, each of which would suggest a different modeling approach within a utility resource plan. While these frameworks are speculative, they are useful in helping to define a quantitative approach for analyzing the long-term viability of green hydrogen for the 2024 IRP. NIPSCO considered several hypothetical hydrogen deployment models, as summarized in Figure 4-16.

Figure 4-16: Possible Hydrogen Production Configurations

<table>
<tr><th>Business Model</th><th>Electrolyzer Ownership</th><th>Electricity Ownership</th><th>Gas Plant Ownership</th></tr>
<tr><td rowspan="3">“Islanded”
NIPSCO Ownership Model</td><td rowspan="3">NIPSCO
Capex + fixed costs for electrolyzer, water, storage</td><td>NIPSCO
Capex + fixed costs or PPA for renewable electricity</td><td rowspan="4">NIPSCO
Gas plant retrofit costs</td></tr>
<tr><td>NIPSCO + Market</td></tr>
<tr><td>Market
Grid electricity prices</td></tr>
<tr><td>“Economy”
Purchase H2 for a NIPSCO-owned H2-enabled gas plant</td><td>Third Party
Modeled as a PPA cost for green H2 (inclusive of all production costs)</td><td>Third Party</td></tr>
</table>

The “islanded” model assumes the utility owns or contracts with all components of the hydrogen production process, including the electrolyzer and electricity sources to produce hydrogen, then consumes the produced hydrogen at its own hydrogen-enabled gas plants to produce electricity during optimal hours. The hydrogen production cost from the “islanded” approach would include the amortized fixed costs to install and operate the electrolyzer, hydrogen storage facilities, and specific renewable projects used to power the electrolysis process, as well as the variable costs for any grid-sourced electricity and water. Additional costs to transport the hydrogen to the gas plant and to retrofit and operate the plant would also be separate, post-production costs to the utility.

Alternatively, if a functional hydrogen economy is assumed to develop over time, one could extend the “islanded” approach to assume that the utility producer of hydrogen can also optimally sell hydrogen to customers in a broader hydrogen market. For modeling purposes, one could easily imagine the opposite situation, in which the utility simply purchases hydrogen from the market or contracts with third-party green hydrogen producers at a negotiated commodity price to fuel a gas plant. This approach assumes that a suitable transmission and distribution infrastructure builds out over the long term in the hydrogen economy and aims to capture the economics within the assumed hydrogen market as a whole, rather than just the utility-specific power generation assets that would “feed” the electrolyzer. The assumed market commodity price of hydrogen would be an all-in cost, including the fixed and variable costs of production. NIPSCO used the latter framework as the basis for its long-term economic analysis.

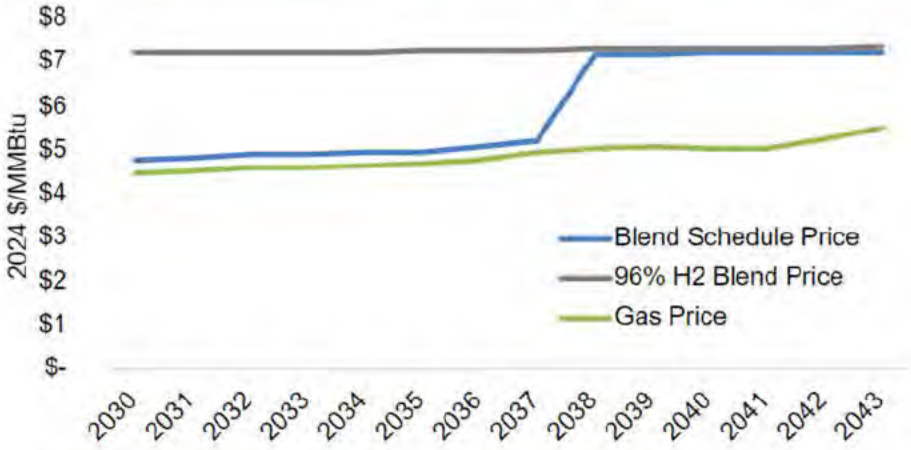
4.6.4.3 Hydrogen Modeling Input Assumptions Development

For modelling of hydrogen, NIPSCO assumed an all-in hydrogen cost of $30/MMBtu or approximately $4/kg in real 2024$ throughout the 2024 IRP's study period. The price assumption was based on a number of public sources, most notably Lazard's Levelized Cost of Hydrogen buildup[66] and The International Energy Agency's Hydrogen pricing map by region.[67]

For modeling purposes, NIPSCO anticipates the availability of green hydrogen in 2030 and beyond, allowing for Hydrogen Production Tax Credits (see Section 4.6.10 for additional detail on the Section 45V tax credits) to be earned. The green hydrogen credit of $3/kg is approximately worth $22.5/MMBtu, which translates to a net hydrogen price of $7.25-$7.5/MMBtu in real 2024$.

For modeling purposes, NIPSCO has assumed a 96% hydrogen blend by volume for new hydrogen-enabled resources and a potential blend schedule of 30% by volume until 2038 for NIPSCO's existing Sugar Creek facility. The resulting fuel prices per MMBtu for these two hydrogen blends and natural gas under the Reference Case are summarized in Figure 4-17.

Figure 4-17: Annual Hydrogen Fuel Price Assumptions



4.6.4.4 Hydrogen Blending in Gas Turbines

To consume hydrogen fuel in natural gas turbines, certain modifications need to be made to the turbines themselves, as well as other infrastructure such as pipelines and emission controls. The magnitude of the cost impact is dependent on the amount of hydrogen being consumed in the facility relative to the amount of natural gas (i.e., the blending percentage). While only relatively low hydrogen blends (5% to 20%) have been used in gas turbine technologies today, a plant can be upgraded to accommodate higher hydrogen blend concentrations as emissions restrictions

66 Lazard, "Lazard's Levelized Cost of Hydrogen Analysis", 2021. https://www.lazard.com/media/12qcxl1j/lazards-levelized-cost-of-hydrogen-analysis-vf.pdf

67 International Energy Agency, "Levelized Cost of Hydrogen Maps", 2023. https://www.iea.org/data-and-statistics/data-tools/levelised-cost-of-hydrogen-maps

become more stringent and/or as the hydrogen industry expands. Key operational considerations include:

- Combustor configuration
- Safety and flammability controls
- NO_x controls
- Pipeline upgrades
- On-site hydrogen storage
- Maintenance changes

For purposes of the IRP modeling, NIPSCO used bidder data from past RFPs and information gathered from Original Equipment Manufacturers to project the costs required to achieve very high levels of blending (including up to 96% hydrogen by volume) over the long term. Thermal plants retrofitted or built to accommodate pure or close to 100% hydrogen were assumed to require approximately 30% of the original plant capex and operating costs, or about $400/kW in real 2024$.

4.6.4.5 Regional Hydrogen Projects

As a part of the U.S. Department of Energy's Hydrogen Hub Initiative, which is allocating $8 billion in federal funding to establish regional hydrogen hubs in the U.S., NIPSCO will likely be poised to access green and blue hydrogen supply from the MachH2 Hydrogen Hub located across Midwest states and including NIPSCOs service territory. The MachH2 hub has been awarded up to $1 billion in funding from the DOE for hydrogen projects and incorporates over 70 partners across various industries, with the expectation of creating 13,600 direct jobs.[68]

The MachH2 hub plans to incorporate at least two primary hydrogen production projects that will supply offtake to Indiana and Illinois. The first is located at BP's Whiting Refinery and plans to produce at least 200,000 tons per year of blue hydrogen beginning in 2031, with increases in production volume in later years.[69] BP has announced an investment of at least $4 billion into the project, which will begin construction in 2025.[70] Although a significant portion of this hydrogen will likely serve as captive supply for BP's refinery, it also poses a significant low-carbon hydrogen offtake opportunity for NIPSCO.

In addition to the BP Whiting Refinery, Constellation Energy has announced a low-carbon hydrogen project at its La Salle nuclear facility in Marseilles, Illinois that is also part of the MachH2 hydrogen hub. This project will produce an estimated 33,450 tons of hydrogen per year[71] for supply to the region and would be the largest nuclear-powered clean hydrogen facility upon completion in the early 2030s.

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68 Argonne National Laboratory, 2023.

69 Reuters, 2022

70 Northwest Indiana Times, 2024

71 Power Magazine - "Constellation Planning Significant Nuclear-Powered Hydrogen Facility at LaSalle"

4.6.5 Emerging Technologies – Renewable Natural Gas

Another potential emerging technology that could be deployed in NIPSCO's existing or future natural gas-fired power plants is RNG. RNG can be burned directly in the combustion chamber of gas turbines as a replacement for conventional natural gas. Since RNG is derived from organic waste and has the potential to be carbon-negative, its use in combined cycle gas turbines can significantly reduce greenhouse gas emissions from power generation.

Several primary production methods of RNG exist, including: (1) anaerobic digestion, which breaks down organic matter (agricultural waste, food waste, or manure) in the absence of oxygen to produce biogas as a feedstock for RNG; (2) landfill gas recovery, or the capturing of methane produced from decomposing organic waste in landfills; (3) gasification, which converts biomass into syngas through high-temperature processes, which can then be converted to RNG; and (4) pyrolysis, or the decomposition of organic material at high temperatures in the absence of oxygen. Currently, landfill recovery gas is often one of the more cost-effective methods due to its reliance on existing infrastructure rather than additional capital investment. A number of RNG production projects currently exist in Indiana, with Amp Americas operating the largest dairy RNG production facility in the U.S. in Jasper County.[72] Further, Kinder Morgan operates three RNG facilities in Wyatt and Monticello, Indiana,[73] which may be leveraged for offtake and use as a decarbonization fuel.

4.6.6 Emerging Technologies – Carbon Capture, Utilization, and Storage

Another emerging technology that may be positioned to support the decarbonization of the electricity sector is CCUS. Broadly, this technology refers to processes that (i) capture and separate CO2 directly from a fossil fuel (such as from coal in an IGCC process) or the flue gas of an electric power plant post-combustion or other point-source emission stream of CO2; (ii) purify, compress, and transport the CO2; and (iii) utilize (such as in an EOR process) or sequester the CO2 underground in saline reservoirs or unused coal seams.

NIPSCO's RFP did not generate any bids related to CCUS. However, the MISO market scenario analysis incorporated CCUS technology as a plausible generation resource option under scenarios with significant carbon reduction trajectories (*see* Section 8), and it remains a potentially feasible option for NIPSCO for new or existing natural gas capacity. The remainder of this section provides an overview of the technology, potential cost ranges, and federal policy support considerations.

72 DMT Clear Gas Solution

73 Kinder Morgan

4.6.6.1 CCUS Technology Overview

The CCUS value chain comprises three segments: capture, transport, and end-use, which includes both storage and utilization.

Capture

Point-source capture methods include post-combustion, pre-combustion, and oxy-combustion. These technologies are used across various industries such as ammonia production, coal and natural gas power generation, cement manufacturing, chemical and refining processes, ethanol production, hydrogen production, iron and steel manufacturing, natural gas processing, and pulp and paper production.

Post-combustion capture extracts CO2 from flue gas, syngas, or process streams after fuel combustion. In this process, chemical solvents (typically amines) absorb CO2 from the flue gas. The CO2-rich solution is then heated in a stripping column to release the CO2, which is compressed for transport and storage, while the solvent is reused.[74] These systems can be deployed at large scales and are well-suited for retrofitting existing facilities.

Pre-combustion methods, including gasification and pyrolysis, provide alternative CO2 capture approaches. In gasification, the fuel undergoes controlled partial oxidation in a gasifier, generating syngas consisting of H2, CO, and trace gases. A subsequent step in a water-gas-shift reactor converts CO to CO2 and enhances the concentrations of H2 and CO2 in the gas stream. Due to the high partial pressure of CO2 in syngas compared to flue gas, it becomes feasible to separate CO2 using various technologies, yielding nearly pure hydrogen fuel. Similarly, pyrolysis heats methane in the absence of oxygen until it separates into solid carbon and hydrogen gas. Although less technologically developed, pre-combustion methods may prove to be more commercially cost-effective relative to post-combustion approaches, as they require treatment of a smaller gas volume to achieve equivalent carbon capture quantities.

In the oxy-combustion approach, coal is burned in an enriched oxygen environment rather than air, which results in combustion products of CO2 and water.[75] The water can be condensed, leaving the CO2 ready for capture. Oxy-combustion lowers NOx and mercury emissions relative to conventional combustion, but its requirement of high-purity oxygen increases operational costs.

Transport

Once CO2 is captured, the next step is compression and transportation to suitable end-use sites. In the U.S., a relatively small network of around 5,000 miles of CO2 pipelines already exists in certain regions, developed primarily for other industries such as EOR.

While other transportation methods such as rail, truck, and ship are available, they generally prove to be significantly more expensive and are typically reserved for specific applications where pipeline transport is not feasible. Expanding the current pipeline network will

74 NETL – "Carbon Dioxide Capture Approaches"

75 Ibid

be a critical enabler for the scaling of CCUS, although permitting, environmental concerns, and community opposition pose significant threats as well.

End-Use

After transportation, captured carbon can either be stored or utilized. Storage methods for captured CO2 include saline aquifers, depleted oil and gas reservoirs, EOR reservoirs, and mineralization in geological structures. For NIPSCO in particular, the saline aquifer geological features around NIPSCO's natural gas-fired Sugar Creek combined cycle plant may be appropriate for CCUS siting.[76]

With estimated storage capacities ranging from 2,400 to 21,000 billion tons, these methods can accommodate captured CO2 for hundreds to thousands of years. In the U.S., the DOE's CarbonSAFE initiative has been pivotal in advancing site development for CO2 storage. Currently, ten sites with at least 50 million tons of storage have undergone feasibility or characterization studies in addition to 300 million tons across 11 sites identified by other developers.

CO2 utilization involves converting captured carbon into commercial products, reducing emissions while creating value-added materials. Although currently smaller in scale compared to storage, demand for CO2 utilization is anticipated to grow substantially over the next 30 years. North America's demand is projected to reach approximately 40 MTPA by 2030 and 100 to 250 MTPA by 2050.[77] One utilization case for CO2 is in building materials, where it can be used in the production of cement or aggregates. In the plastics and chemicals industries, CO2-derived PEC and PPC are used to make polyurethane plastics. Additionally, CO2 can be converted into syngas via co-electrolysis for fuel synthesis.

4.6.6.2 Current Operational Landscape

As of the end of 2023, the Global CCS Institute recorded a dynamic global landscape with 41 operating CCS projects and an additional 351 projects in various stages of development.[78] This includes 11 new facilities in operation and 15 projects starting construction within the year. Collective global capture capacity across projects from operational to early development stages is approximately 361 MTPA of CO2.

In the U.S. and Canada, CCUS is gaining momentum across various industries. Currently, the ethanol sector supports the most CCUS facilities, followed closely by CO2 transport and storage infrastructure.[79] There are 21 operational CCUS facilities in the region, with nine under

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76 See the DOE's *Carbon Storage Atlas:* https://www netl.doe.gov/sites/default/files/2018-10/ATLAS-V-2015.pdf and Great Plains Institute's report titled, "Transport Infrastructure for Carbon Capture and Storage, Whitepaper on Regional Infrastructure for Midcentury Decarbonization. https://www.betterenergy.org/wp-content/uploads/2020/06/GPI_RegionalCO2Whitepaper.pdf. In addition, Wabash Valley Resources' proposed CCUS project is in close proximity. For more information, see: https://www.wvresc.com/

77 DOE – "Pathways to Commercial Liftoff: Carbon Management"

78 Global CCS Institute – "Global Status of CCS 2023"

79 Ibid

construction, 80 in advanced development stages, and 92 in early development phases.[80] Current CCUS capacity in the U.S. exceeds 20 MTPA, although modeling indicates that achieving U.S. energy transition goals will necessitate the annual capture and storage of 400 to 1,800 MT of CO2 by 2050.[81]

4.6.6.3 Demonstration Projects

Carbon capture technologies vary in TRLs from 3 to 9. Established pre- and post-combustion methods are commercially available, with TRLs of 8 to 9, while oxy-fuel capture is at TRL 7. Storage technologies such as enhanced oil recovery and saline aquifers are also at TRLs of 8 to 9, indicating commercial readiness. Some current projects aim to convince the market of the viability of established technologies, while others are testing new carbon management configurations.[82] The following examples illustrate CCUS projects in both operational and developmental stages.

The $1 billion Petra Nova project, located at the 240 MW W.A. Parish Generating Station in Thompsons, Texas, captures CO2 using an amine-based solvent and transports it via pipeline to an enhanced oil recovery site near Houston. After operating from 2017 to 2020, the project was halted due to low oil prices but resumed operations in September 2023.[83] Capturing 90% of the plant's carbon emissions and possessing 1.4 MTPA of sequestration capacity, it is a prime example of large-scale commercial CCUS.

The Air Products and Chemicals Louisiana Clean Energy Complex, currently under construction, aims to produce over 750 million standard cubic feet of blue hydrogen daily and sequester more than five MTPA of CO2, with operations slated to begin in 2026. This project, which incorporates a CCUS unit at a natural gas gasification plant, highlights the critical role of existing infrastructure in determining project feasibility given its proximity to existing hydrogen pipelines.[84] However, it faces significant local opposition due to concerns about carbon storage under Lake Maurepas, a site used for fishing and recreation. Fears of potential construction impacts and leakage have sparked community efforts to halt the project, emphasizing the need for early and effective community engagement in new developments.

Clean Energy Systems is developing the Mendota BECCS facility, which is designed to capture 0.3 MTPA of CO2 while generating electricity for the grid.[85] Set to commence commercial operations in 2025, the facility will generate significant community benefits, including enhanced air quality from utilizing 200,000 tons of local agricultural waste and an increase in tax revenue.

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80 DOE – "Pathways to Commercial Liftoff: Carbon Management"

81 Ibid

82 Global CCS Institute – "Global Status of CCS 2023"

83 Power Engineering – "Groundbreaking Petra Nova CCS project back up and running, owner says"

84 Air Products – "Louisiana Clean Energy Complex"

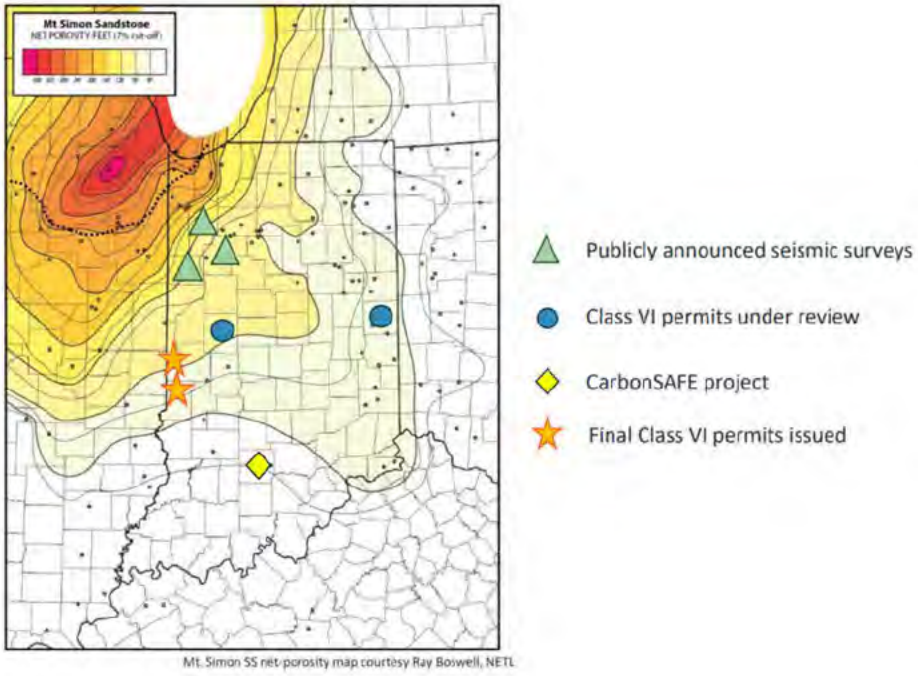
85 Clean Energy Systems – "Mendota Biomass Carbon Removal and Storage Project (BiCRS)"

This project exemplifies ongoing progress in unlocking the significant environmental benefits afforded by CDR technologies.

4.6.6.4 Local CCUS Feasibility

In addition to the previously described demonstration projects, several local CCUS projects are in advanced stages of development local to NIPSCO's service territory. The Wabash CarbonSAFE project was one of only six projects awarded for Phase II work by the US Department of Energy and will establish the feasibility of developing a carbon storage complex near Mitchell, Indiana, and may be operational as early as 2029. The project takes advantage of the Indiana region's favorable geological storage capacity for carbon dioxide, which is among the most significant in the continental United States.[86] In addition to the CarbonSAFE project, Wabash Carbon Services has been advancing several CCUS projects in proximity to NIPSCO's Sugar Creek facility in Vigo County, Indiana. The EPA issued final Class VI permits on these wells, which began construction in January 2024 and are anticipated to be able to sequester 1.67 million metric tons of carbon dioxide per year per well by 2034 to 2036.[87] Several other CCUS projects near or inside of NIPSCO's service territory remain in earlier stages of development, as summarized in Figure 4-18.[88]

Figure 4-18: Current CCUS Project Activity within Regional Mt. Simon Sandstone



86 Princeton University, Net-Zero America, 2021

87 EPA.gov

88 Indiana Geological and Water Survey

4.6.6.5 Federal Tax Incentives and Other Federal Policy

The U.S. tax code offers a performance-based tax credit for eligible carbon capture and sequestration projects that securely store CO2 in geological formations or use CO2 for enhanced oil recovery. These incentives, known as the 45Q credits, were increased and extended by the Inflation Reduction Act to $85 per ton for geological storage. The tax credit is applied to all tons sequestered, is available for 12 years following project operation, and grows with inflation after 2026. Additionally, the BIL and the CHIPS Act support CCUS through substantial funding. The BIL allocates $12 billion for carbon capture research and demonstration until 2026, $8.5 billion for new capture and storage facilities, and $3.6 billion for direct air capture. The CHIPS Act supports carbon storage research and geologic computational science through the DOE.

4.6.6.6 CCUS Cost Estimates

Since the 2024 RFP did not yield any CCUS projects, NIPSCO-specific portfolio analysis of the technology was not performed. However, in order to develop perspective on long-run CCUS costs to be used in the MISO market scenario analysis (*see* Section 8) and to approximate the potential cost and operational impacts of a CCUS retrofit to the existing Sugar Creek combined cycle, CRA and NIPSCO performed a review of third-party estimates. Overall, costs for CCUS projects fall within the following three categories, as described in more detail above:

- Capturing CO2 at the source of emission and compressing or liquifying it for transport;[89]
- Transporting the CO2 via pipeline, ship, or truck, as appropriate; and
- Sequestering the CO2 underground, including costs associated with injection, monitoring, and verification.

CRA developed CCUS costs and operational parameters for both retrofit of NIPSCO's existing Sugar Creek natural gas combined cycle unit and a new natural gas CCUS facility based on a range of public sources, including NREL and EPA.[90] Figure 4-19 summarizes CCUS cost and operational parameter assumptions for both Sugar Creek and a new CC with CCUS, while Figure 4-20 provides assumptions for new CC with CCUS capital costs over the full planning horizon based on NREL cost curves.

[89] Capital expenditures are largely associated with an absorption tower, energy consumption requirements that are often represented through reductions in power output of the host facility, and compression costs.

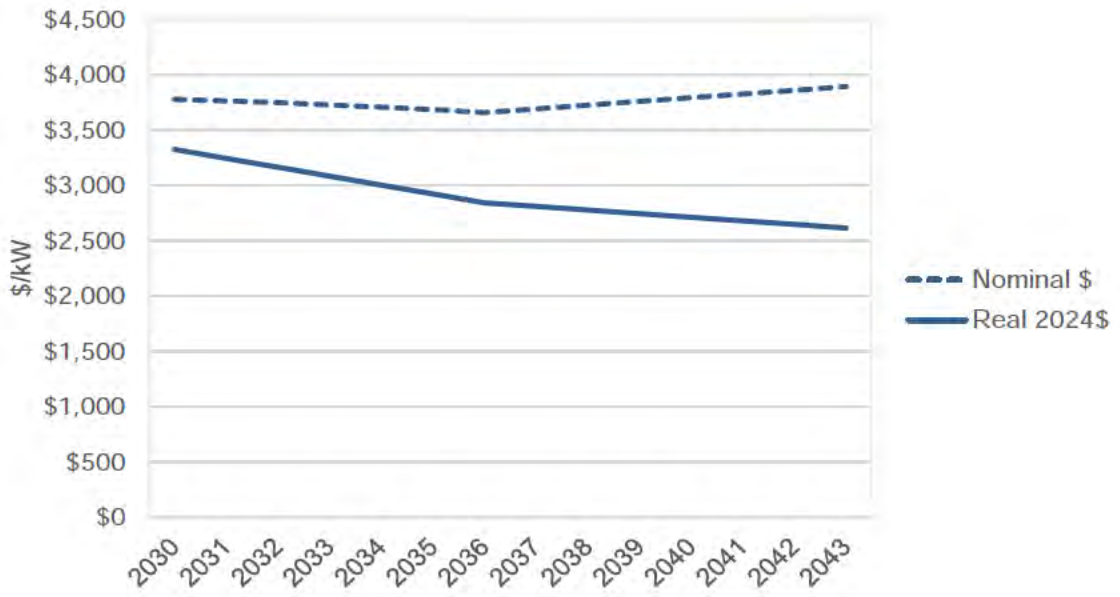
[90] See 2023 NREL Annual Technology Baseline and U.S. Environmental Protection Agency CO2 Capture, Storage, and Transport Assumptions: Chapter 6 - CO2 Capture, Storage, and Transport (epa.gov)

Figure 4-19: CCUS Costs and Operational Parameters

Characteristic	Units	Sugar Creek Before Retrofit	Sugar Creek After Retrofit	New CC with CCUS
Net Capacity to Grid (Winter)	ICAP MW	650	585	585
Net Capacity to Grid (Summer)	ICAP MW	650	585	585
Heat Rate (Winter)	Btu/kWh	6,903	7,662[1]	6,704
Heat Rate (Summer)	Btu/kWh	6,912	7,672[1]	6,704
Installed CapEx	2024$/kW	-	1,860	3,325
VOM Costs	2024$/MWh	1.32	3.34[2]	4.64
Fixed Operations and Maintenance Costs	2024$/kW-yr	23.33	46.99[3]	82.02
CO2 Transportation Cost[5]	2022$/ton	7.50	7.50	7.50
CO2 Sequestration Cost[6]	2022$/ton	4.86	4.86	4.86
CO2 Emission Rate	lbs/MMBtu	119	11.9[4]	11.9[4]

Notes:
1: Assumes an increase in heat rate by a factor of 1.11x.
2: Assumes a 2.29x increase in VOM.
3: Assumes a 1.96x increase in FOM.
4: Assumes 90% carbon capture.
5: See https://www.epa.gov/system/files/documents/2024-04/table-6-5-co2-transportation-matrix-in-epa-2023-reference-case xlsx
6: See https://www.epa.gov/system/files/documents/2024-04/table-6-4-co2-storage-cost-curves-in-epa-2023-reference-case.xlsx

Figure 4-20: Long-Term CCUS Cost Assumptions



4.6.7 Emerging Technologies – Long-Duration Energy Storage

Although a large majority of storage bidders in the RFP offered four-hour duration lithium-ion battery storage technologies, three bids incorporated longer duration technologies (see Section 4.6.1.2 above), and longer-duration storage technologies may become more viable over the long-

term in order to balance diurnal variations in renewable energy resources as well as variations in demand from weekends (low demand) to weekdays (high demand). The technology can also provide needed capacity during longer duration weather events, such as snowstorms, extended cloud cover, or wind droughts that could last for several days.

The value of long-duration storage is likely to increase as intermittent renewable generation increases within the MISO footprint. In addition to energy arbitrage, some long-duration technologies may also be able to effectively offer additional ancillary services value, such as spinning reserve and regulation to the portfolio.

In general, short duration is defined as any technology with less than 10 hours of storage duration; inter-day LDES assets can shift power by 10-36 hours, filling diurnal needs by allowing excess power to be used within the same or following day; multi-day/week LDES shifts power by 36-160+ hours, enabling power supply during extended shortfalls; and seasonal duration storage provides several weeks to several months of storage, helping to address seasonal demand fluctuation. Long-duration storage technology can take many forms, as described in the next section of this Section.

4.6.7.1 Thermal Energy Storage

(TES stores high or low temperatures for hours, days, weeks, or seasons. Potential advantages include inexpensive materials, low environmental impact, versatility to release either electrical or thermal energy, ability for large scale storage, and superior safety.[91] However, this technology has limited applications at power generation facilities relative to other storage types as it often has lower RTE, lower energy density, a larger footprint, and limited scalability. Contributing to its inefficiencies are technology-specific operational requirements like passive heating during downtime.[92] Sensible heat, latent heat, and thermochemical heat constitute the three types of TES, each with tradeoffs of their own.

SHS involves raising the temperature of a solid or liquid medium to store heat.[93] This method provides wide duration flexibility from minutes to months and is currently the most commercially available among TES technologies. In power generation, the most common forms of SHS include molten salt TES (used in concentrated solar power), concrete TES, and chilled water TES. These systems typically achieve lower RTEs ranging from 40% to 90% and have long lifetimes spanning 25 to 30 years.

LHS captures heat in phase change materials, offering medium-storage durations from hours to days. Implementations of the technology span from laboratory stage to commercial availability. LHS is characterized by high modularity and energy density, high RTEs of 75% to 90%, a 10 to 30 year lifetime, minimal geographic constraints, and constant discharge temperatures

91 LDES Technologies | LDES Council

92 NETL – "Thermal Energy Storage"

93 LDES Council – "Long Duration Energy Storage to accelerate energy system decarbonization"

over time. However, LHS uses corrosive, rare materials and is highly application specific, which exposes it to supply chain vulnerabilities.[94]

THS utilizes endothermic and exothermic chemical reactions to store thermal energy. It provides storage capabilities spanning hours to months and is predominantly in the R&D phase. It benefits from having minimal heat loss, a 10 to 30 year lifetime, very high RTEs of 80% to 99%, no geographic constraints, and the highest energy density among TES; however, it is limited by slow charging rates and materials that can degrade over time.[95]

4.6.7.2 Mechanical Energy Storage

MES harnesses kinetic or potential energy by exerting force to induce acceleration, compression, or displacement in a medium such that the energy can be later recovered. It is recognized for its potential to operate at large scales, long project lifetimes up to 30 years, high RTEs ranging from 70% to 90%, and rapid response.[96] However, this storage method can be constrained by geographic considerations, prolonged construction lead times, large physical footprints, high environmental impacts, and high initial capital costs. There are many different types of MES with varying levels of maturity and performance tradeoffs.

PHS utilizes surplus energy to pump water to an elevated reservoir, which can later be released through hydraulic turbines to generate electricity. Emerging pumped hydro systems strive to offer increased modularity and a smaller footprint compared to traditional installations, while still maintaining the high ramp rate and rapid response time of traditional designs. Like PHS, gravity-based storage stores the potential energy of large masses by raising them into an elevated position using excess energy and releasing them when energy is needed. Gravity-based systems offer high modularity, high RTE, quick response times, and inter-day storage durations, but they have seen limited commercial deployment to-date.

CAES involves using electricity to compress air, which can then be discharged on demand within a multi-day/week timeframe. It is highly modular, occupies a small footprint, and is cost-effective, although its geographic applicability is limited due to reliance on underground geological storage systems. LAES operates similarly to CAES but compresses air to the point of liquefaction, supporting storage durations from inter-day to multi-day/week. It provides enhanced modularity and occupies smaller footprints compared to CAES, although it comes with higher capital costs. Despite being the newest among mechanical storage technologies, LAES is anticipated to be competitive in terms of cost, response time, and modularity, while offering storage durations spanning multiple days to weeks.[97] Liquid CO2 storage functions like LAES but

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94 DOE – "Pathways to Commercial Liftoff: Long Duration Energy Storage"

95 NETL – "Thermal Energy Storage"

96 The Electricity Journal – "Technology readiness level and round trip efficiency of large-scale advanced compressed air energy storage"

97 As described in Section 4.6.1.2, NIPSCO received a bid in its RFP for the Energy Dome liquid CO2 storage system, which utilizes an above-tank to achieve inter-day storage by compressing CO2. The heat generated during compression is captured using two TES systems: one for direct heat transfer and another employing a heat exchanger to cool the CO2 to a liquid phase for storage in a dome-shaped, above-ground pressure vessel. The discharge process reverses this cycle, reheating the stored CO2 so that it can be expanded through a turbine.

leverages the uncommon property of pure CO2 streams to be condensed and stored as a liquid under pressure at ambient temperatures.

Flywheels store energy by rotating a mass around a fixed axis. They are characterized by modularity, rapid construction times, immediate dispatchability, and low maintenance requirements, although they typically have short discharge durations and limited storage capacities.[98]

4.6.7.3 Chemical Energy Storage

CES is achieved through the production of chemical fuels. It can be converted into electrical, thermal, or mechanical energy, making it versatile for use in industrial or grid applications.[99] This storage method offers several advantages, including large storage capacities; discharge durations ranging from days to months; long project lifetimes; ease of storage and transport; minimal energy loss; and various pathways for production, storage, and end use. Chemical fuels can also leverage alternate revenue streams beyond electricity sales with the help of extensive existing infrastructure. However, CES may be constrained by geographical considerations, require large amounts of land, and present safety hazards. Some chemicals have low volumetric energy densities, which can result in further constraints by requiring large, expensive storage volumes. Compared to batteries, CES generally has lower RTEs due to the energy intensive process it requires.

The main types of chemical fuels are methane, methanol, ammonia, and hydrogen.[100] Hydrogen is typically a primary option for CES due its low-carbon production methods, diverse-end use applications, and ability to provide clean energy.[101] Methane benefits from a higher volumetric energy density than hydrogen and widespread infrastructural support but causes significant greenhouse gas emissions. Ammonia, which can be formed from hydrogen and nitrogen, has existing transportation infrastructure largely due to its use as a fertilizer and is currently being studied for use in power generation. Methanol, formed through the hydrogenation of CO and CO2, can be more easily stored and transported relative to other fuels but may be more suited for use in transportation than power generation due to its low energy density, emissions, and difficult integration into existing natural gas infrastructure.

4.6.7.4 Electrochemical Energy Storage

EES, often classified as a subset of chemical energy storage, involves the cyclic conversion of energy between electrical and chemical forms through electron and ion transfer in electrodes.[102] While still largely in early stages of development for LDES purposes, these systems can offer inter-day and multi-day/week storage durations and are known for their safety, minimal geographic

98 NETL – "Mechanical Energy Storage"

99 NETL – "Chemical Energy Storage"

100 Ibid

101 Hydrogen for power generation is described in more detail in Section 1.6.5.1.

102 ScienceDirect – "Introduction to electrochemical energy storage technologies"

constraints, resilience to extreme temperatures, scalability, low self-discharge rates, ability to discharge deeply without significant degradation, and long operational lifespans. Common drawbacks of EES include safety hazards, high costs, temperature sensitivity, degradation over time, and reliance on rare minerals.

Lithium-ion batteries are currently at the forefront of electrochemical energy storage solutions, commonly featured in integrated resource planning due to their proven commercial viability and technological readiness. Although they are technically a short-duration storage option, lithium-ion batteries benefit from low capital costs, fast response rates, short construction times, high RTEs of 85% to 95%, discharge times from 1 second to 8 hours, and high energy density.

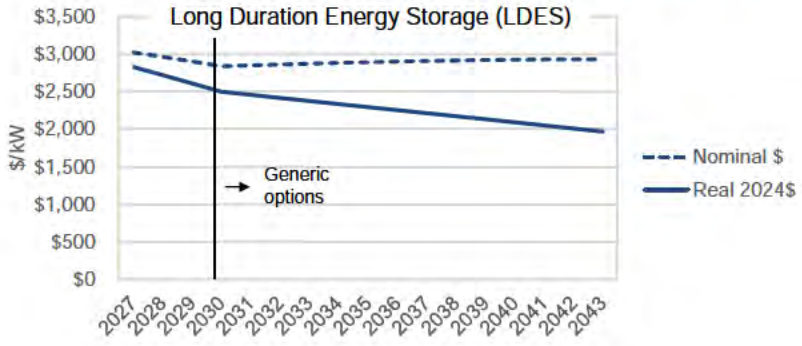
A few promising long duration technology categories identified by the U.S. Department of Energy include aqueous-electrolyte flow batteries, metal-anode batteries, and hybrid flow batteries. While this list is far from comprehensive, it helps to demonstrate some of the key characteristics of electrochemical LDES technologies. Aqueous-electrolyte flow batteries, like vanadium redox flow batteries and iron-chromium flow batteries, employ chemical cathodes and anodes separated by electrolytes. They are characterized by near instantaneous response times, long cycle lives, modular designs, RTEs between 65% to 85%, small footprints, and inter-day to multi-day/week durations, although they are subject to a form of relatively fast degradation known as crossover and can be expensive.[103] Hybrid flow batteries, which maintain tradeoffs similar to those of aqueous-electrolyte flow batteries, can offer enhanced performance by combining the strengths of conventional and flow battery chemistries. Metal-anode batteries are technologically similar to lithium-ion batteries, and have large specific and volumetric capacity, high energy density, quick response times, and small footprints. Finally, as described in more detail in Section 4.6.1.2, NIPSCO received a bid for iron air storage, which falls within this category.

4.6.7.5 LDES Cost Considerations

Since LDES encompasses a diverse range of technologies, costs have the potential to vary widely, although declines are likely in the future. This anticipated decline is driven by scaling benefits, technological advancements from ongoing research and development, and improved efficiency across the supply chain. For the purposes of 2024 IRP modeling, NIPSCO is benchmarking cost information to RFP data and observed cost premiums for longer-duration storage technology relative to four-hour lithium ion batteries. A single, *representative*, 100-hour technology will be modeled, in accordance with the assumptions summarized in Figure 4-21.

103 MIT Energy Initiative – "Flow batteries for grid-scale energy storage" and Power Efficiency – "Maximizing Flow Battery Efficiency: The Future of Energy Storage"

Figure 4-21: Long-Term LDES Cost Assumptions



Category	LDES
Fixed O&M (2024$/kW-yr)	$40
Round Trip Efficiency	35%
Tax Credit Eligibility Assumption	40% ITC

Given the expectation that energy storage will be an important part of NIPSCO's long-term portfolio (*see* Section 9 for more information on the key outcomes of the portfolio analysis), NIPSCO will continuously evaluate the landscape of storage options, as technology advances and market conditions evolve. If new LDES technologies emerge with cost and operational parameters consistent with those evaluated in this IRP, NIPSCO will be able to pivot in the implementation of its short-term action plan accordingly. NIPSCO also expects to continue to assess LDES in future IRPs.

4.6.8 Emerging Technologies – Small Modular Reactors

SMRs are a new generation of nuclear fission technology utilizing smaller reactor designs, modular factory fabrication, and passive safety features. SMR can potentially provide a zero-carbon alternative for providing base-load electricity without CO2 emissions, and its siting flexibility and improved safety features potentially allow the technology to be sited closer to demand centers, reducing transmission investments. Key features of an SMR include:

- Small physical footprints;
- Limited on-site preparation, leading to faster construction time and scalability;
- Siting flexibility, including sites previously occupied by coal-fired plants; and
- Passive safety features, allowing the reactor to safely shut down in an emergency without requiring human interventions.

4.6.8.1 SMR Technology Overview

NPPs have long been a significant source of emissions-free, firm energy in the U.S. These facilities harness nuclear fission reactions, in which atoms split and release energy in the form of heat. This heat generates steam by heating water in a reactor core, which drives turbines to produce electricity. Inside the reactor core, fuel rods — comprising small ceramic uranium pellets — are grouped into fuel assemblies and immersed in water, which acts as both a coolant and reaction

moderator. Conventional nuclear reactors can be either PWRs or BWRs. PWRs use high pressures to keep water in the reactor core from boiling. After being heated inside the core, the water is pumped into a heat exchanger, where it boils a secondary source of water into steam and then cycles back to the core. BWRs produce steam inside the reactor core, which is directly fed to a turbine and then recondensed into water to cycle back through the core.

Advanced nuclear energy employs modernized designs that offer a range of environmental, efficiency, safety, and reliability benefits over conventional nuclear.[104] Gen III+ and Gen IV are the two primary categorizations of advanced nuclear technologies. Gen III+ reactors are like conventional reactors in the sense that they use water as a coolant and LEU as a fuel, positioning them for near term deployment.[105] Gen IV reactors use new fuels such as HALEU fuel and novel coolants like molten salt or liquid metal. The approval of NuScale's 60 MW power module by the U.S. NRC marked the first approval of a Gen IV design, underscoring the advancing commercial viability of Gen IV technology.[106]

Several reactor types are in various stages of development and approval, each providing advantages of their own. Conventional water-cooled reactors, also known as light-water reactors, represent the predominant technology in current nuclear power generation. Liquid metal fast reactors, which employ sodium or lead as a coolant, have potential for greatly reducing nuclear waste by consuming fission products with long decay times such as neptunium. Molten salt reactors offer similar fuel reduction benefits and use molten fluoride or chloride salts as a coolant. HTGCRs naturally have high operating temperatures, allowing them to be used for non-electric applications like hydrogen production or desalination. As these reactor types progress through pre-application stages, forthcoming deployments will determine the most suitable candidates for commercial scalability.

Advanced nuclear technologies are further categorized by size, with large reactors operating at around the 1 GW scale, SMRs ranging from 50 to 300 MW, and microreactors sized at 50 MW or less. While each one may have a role to play in the decarbonization of the electric grid by 2050, SMRs have received the most attention given size flexibility and cost improvement potential.[107]

4.6.8.2 Current Operational Landscape

Among the 54 nuclear power plants currently operational in the U.S., there is a combined capacity of 103 GW, constituting about 8% of the nation's total generation capacity in 2023. Due to their high capacity factors, nuclear plants have consistently provided about 20% of U.S. electricity since the 1990s. However, recent growth in nuclear deployments has been slow, with only 2,386 MW of nuclear capacity additions between 2016 and 2023.[108] The most recent additions

104 NEI – "ADVANCED NUCLEAR ENERGY: Frequently Asked Questions for Community Stakeholders"

105 DOE – "Pathways to Commercial Liftoff: Advanced Nuclear"

106 DOE – "NRC Certifies First U.S. Small Modular Reactor Design"

107 Idaho National Laboratories – "Advanced Small Modular Reactors"

108 America's Electricity Generation Capacity Report, 2024 Update (publicpower.org)

to the U.S. nuclear fleet are Units 3 and 4 of the Alvin W. Vogtle Electric Generating Plant, construction of which started in 2009 by Georgia Power. Unit 3 commenced commercial operations on July 31, 2023, followed by Unit 4 on April 29, 2024, collectively adding 2,234 MW of capacity. These units feature the Westinghouse AP1000 Generation III+ reactor, marking the first deployment of advanced nuclear in the U.S.

Some of the early advanced nuclear demonstrations in the U.S. have encountered challenges related to costs and timelines. The Carbon Free Power Project, initiated by Utah Associated Municipal Power Systems in 2015, aimed to build twelve 60 MW NuScale Power Modules. Despite support from DOE funding, the project was terminated in November 2023 before construction began, largely due to cost overruns.[109]

However, several other SMR projects are currently in development or advanced stages. The DOE's Advanced Reactor Demonstration Program is a well-known project launched in 2020 to support advanced nuclear development in the U.S. Through the program, TerraPower's first-of-a-kind Natrium demonstration project — a 345 MW sodium fast reactor with a gigawatt-scale molten salt energy storage system — received $2 billion in DOE funding through a 50/50 cost-share arrangement.[110] The project submitted a construction permit in 2024 and is on track to achieve deployment by 2030, although securing a supply of HALEU remains a critical challenge.[111] X-energy has also partnered with the ARDP to develop the Xe-100 high-temperature gas reactor. The design consists of four 80 MW reactors and can be scaled by adding units to increase electrical output at the same facility. Currently in the process of obtaining a construction permit to build the reactor at a Dow industrial site in Seadrift, Texas, X-energy expects the reactor to be deployed within the decade.[112]

A range of SMR demonstrations are currently progressing through different stages of design, permitting, and construction worldwide. Leading SMR designs under consideration by utilities include the NuScale VOYGR, Holtec International SMR-160, Westinghouse AP300, Rolls-Royce SMR, Kairos Power KP-FHR, Terrestrial Energy Integral Molten Salt Reactor, and TerraPower Molten Chloride Fast Reactor. In the U.S., there are three GW of SMRs in early or pre-development stages, with an additional four GW of announced SMR projects, positioning the country as a leader among the 22 GW of SMR projects in the global pipeline.[113] China achieved a significant milestone by activating the first commercial Gen IV SMR in 2023 and plans to have its first water-cooled SMR online by 2026. Project Phoenix, an initiative by the U.S. Department of State aimed at accelerating global coal-to-SMR conversions, is currently enhancing SMR development in Eastern Europe. The Czech Republic, Poland, Slovakia, and Slovenia are among the initial beneficiaries of the program, receiving support that includes annual workshops on coal to SMR conversion, feasibility studies, site characterization, and advisory services. Feasibility

109 Utility Dive – "NuScale, UAMPS terminate small modular reactor project in Idaho"

110 TerraPower – "TerraPower Natrium"

111 Reuters – "First TerraPower advanced reactor on schedule but fuel a concern"

112 NRC hearing gives information on X-energy, Dow project -- ANS / Nuclear Newswire

113 Utility Dive – "Global small modular reactor pipeline hits 22 GW, with US leading the market: WoodMac"

studies are already underway, with plans to commence SMR operations in these countries by the early 2030s.

While light-water reactor designs are a mature and proven technology, their deployment on the SMR scale in the U.S. is still forthcoming. Gen IV reactors, including sodium reactors, high-temperature gas-cooled reactors, and microreactors, are at earlier stages of technological maturity and advantages and drawbacks.

4.6.8.3 Operational Considerations

SMRs offer numerous advantages over traditional nuclear power plants, particularly in terms of enhanced safety and reduced risk. They are best known for their modular design, which allows for shorter construction times, simpler and more standardized designs, more efficient transportation of components, and lower overall costs, all of which minimize the risk of project abandonment. They also incorporate advanced safety features such as passive safety systems, allowing plants to shut down and self-cool without operator intervention or additional water or power input. Advancements in fuel technology have further minimized the risk of nuclear leakage or meltdown. SMRs can be sited closer to demand centers because of their reduced safety radius, higher power density, and lack of geographical constraints in terms of wind/solar resource availability, which reduces the need for transmission infrastructure that is costly and often difficult to procure. The potential for coal to nuclear power plant conversions could further increase transmission availability and help reduce capital costs.

SMRs offer significant reliability benefits, including firm power, load-following capabilities, and black start capability.[114] They achieve high capacity factors ranging from 80% to 95% and have high peak capacity accreditation, allowing them to ensure stable energy supply across seasons, protect against blackouts, and maintain a reasonable reserve margin year-round. Their ability to integrate electricity into the grid or operate independently makes them suitable for powering critical facilities such as hospitals, military bases, or isolated communities. Other diverse use cases including hydrogen generation, industrial heat production for chemical plants and refineries, and desalination of water for municipalities bolsters their grid flexibility. The modular design of SMRs allows for refueling and maintenance on individual reactors without requiring an outage of the entire facility, which translates to reduced operational downtime. Moreover, their capability for multi-year on-site fuel supply addresses fuel security concerns, particularly in winter when extreme cold weather may disrupt fuel production and delivery.

SMRs embody several environmental advantages typical of advanced nuclear technologies. They feature low life cycle emissions compared to major generation sources, zero emissions during power generation, and less toxic waste than conventional NPPs.[115] Nuclear energy also boasts the highest electrical capacity per acre of land among major energy sources. It produces approximately 57,000 MWh/year per acre, with the next highest being geothermal at

114 DOE – "5 Key Resilient Features of Small Modular Reactors"; and Small Modular Reactors – "SMR load-following capabilities"

115 NREL – "Life Cycle Assessment Harmonization | Energy Analysis"

9,000 MWh/year per acre.[116] These environmental benefits help mitigate challenges associated with high land costs, permitting complexities, spent fuel storage, and emissions regulations.

4.6.8.4 Federal Policy Support

Advanced nuclear technologies can receive the federal PTC or ITC as per the IRA provisions that make them available for new plants with zero greenhouse gas emissions that commence operations after December 31, 2024. Additionally, legislation will play a major role in enabling the significant capacity increases that will be needed across the nuclear supply chain. Recently, the ADVANCE Act was signed into law,[117] encouraging first movers by reducing NRC licensing and applications fees, introducing large prize competitions, directing the NRC to establish a licensing and regulation process for microreactors, supporting reuse of brownfield sites for nuclear energy, and strengthening domestic HALEU availability.

4.6.8.5 SMR Cost Considerations

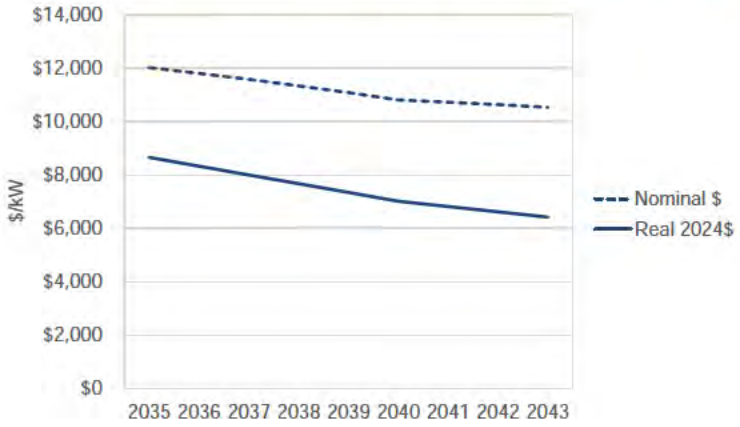
In general, SMRs are characterized by high capital costs and relatively low variable costs. Their small size and modular designs enable mass production, rapid assembly of components, and transportation of entire units, leading to significantly reduced financing and capital expenses relative to larger plants. While refined uranium fuel prices introduce some cost uncertainty, they constitute a smaller portion of operating expenditures compared to natural gas electricity generation, thus mitigating fuel price risks.

Recent nuclear projects in the U.S. have reported overnight capital costs around $10,000/kW. While the DOE estimates that deploying 10-20 reactors at a 12% to 15% learning rate could result in significant learnings and cost efficiencies over time, future costs remain highly uncertain. For modeling purposes, NIPSCO is assuming availability in 2035 and beyond, with cost estimates taken from NREL's ATB, as documented in Figure 4-22.

116 DOE – "Pathways to Commercial Liftoff: Advanced Nuclear".

117 DOE – "Newly Signed Bill Will Boost Nuclear Reactor Deployment in the United States"

Figure 4-22: Long-Term SMR Cost Assumptions



Category	Assumption
Fixed O&M (2024$/kW-yr)*	$144
First Available Year	2035
Tax Credit Eligibility Assumption	30% ITC

**NREL ATB assumptions for 2035 benchmark year*

4.6.9 Long-Term Uncertainties with Emerging Technologies

NIPSCO recognizes that the landscape for all emerging technologies is subject to significant change over the long term, particularly as associated with technology evolution, federal policy initiatives, and investment from developers and public authorities. NIPSCO is committed to maintaining flexibility in its future resource decisions and expects to continue tracking the following uncertainties associated with emerging technology deployment:

- Technology advancement associated with electrolyzer costs, nuclear technologies, LDES technologies, and CCUS;
- The evolution of federal incentives, including direct subsidies or other federal investment;
- Developments in hydrogen transmission, distribution, and storage infrastructure and how they interact with current natural gas infrastructure;
- MISO market dynamics, including the potential for evolving value opportunities associated with capacity accreditation, renewable curtailment risk (which could otherwise be diverted to hydrogen production or LDES charging), or local congestion;
- Broader carbon emission reduction policies, which could put a price on carbon or further incentivize the use of clean energy sources.

4.6.10 Federal Tax Incentives for Clean Energy Resources

Federal tax incentives are currently in place for clean energy and storage resources as a result of the passage of the IRA in 2022. Clean energy resources are eligible for a PTC or an ITC, while storage resources are eligible for the ITC. In addition, federal tax credits are available for

the geological sequestration of carbon dioxide emissions and the production of green hydrogen. Figure 4-23 provides a summary of key federal tax credits relevant to new resource options for NIPSCO's portfolio.

Figure 4-23: Summary of Available Federal Tax Credits for Clean Energy

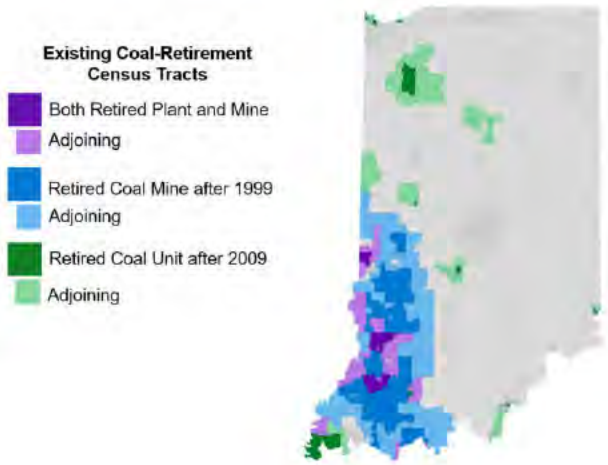
In-Service Year[6]	Production Tax Credit[1, 2]	Investment Tax Credit[1, 2]	CCS (Section 45Q)[1]	Hydrogen PTC (Section 45V)[1, 3]
	10-year $/MWh	*Up front portion of investment*	*12-year $/metric ton-CO2*	*10-year $/kg*
	$30/MWh in 2024$[5]	*%*	*$85 in 2026$[5]*	*$3/kg[4] in 2022$[5]*
2024-2035	100% of value	30%	Available	Available
2036	75% of value	22.5%		
2037	50% of value	15%		
2038+	0%	0%	$0	$0

Notes:
1. Assumes prevailing wage and apprenticeship requirements met.
2. A 10% "energy community" bonus is available for projects located in proximity to retired coal infrastructure or in statistical areas with high historical employment in the fossil fuel sector and unemployment rates greater than the national average. The bonus adds 10% to the ITC and increases the PTC amount by 10%.
3. For modeling purposes, NIPSCO is assuming a price for hydrogen (net of tax credits) rather than investment in an electrolyzer and associated green hydrogen production. Since the hydrogen PTC has a 10-year term, tax credits are expected to be eligible for hydrogen fuel purchased through the fundamental modeling horizon through 2043.
4. Assuming green hydrogen with a lifecycle emission rate below 0.45 kg CO2e/kg-H2.
5. The tax credit values are tied to inflation. Baseline years are provided for reference.
6. Tax credit eligibility is defined by commence construction dates. For modeling purposes, safe harbor construction periods are assumed, and these assumptions are presented for projects entering into service during the specified years.

The IRA provides a schedule of tax credit phaseouts over time based on the resource's begin construction date. Some of the phaseout schedules are dependent on U.S. power sector emissions achieving a 75% reduction from 2022 baseline levels, although for modeling purposes, NIPSCO assumes tax credit eligibility in line with the dates summarized in Figure 4-23. NIPSCO's scenario analysis also incorporates one scenario in which tax credits are phased out earlier (see details in Section 8).

In addition to the tax credit levels outlined in Figure 4-23, the IRA offers a 10% "energy community" bonus for projects located in proximity to retired coal infrastructure or in statistical areas with high historical employment in the fossil fuel sector and unemployment rates greater than the national average. Several such sites exist in NIPSCO's service territory and Indiana as a whole. The bonus adds 10% to the ITC and increases the PTC amount by 10%. Based on RFP data and recent NIPSCO project experience, several new resource types are assumed to be eligible for the 10% energy community bonus.

Figure 4-24: IRA Energy Community Bonus Areas in Indiana



NIPSCO has the ability to monetize federal tax credits for the benefit of customers through a variety of pathways, including:

- Via a PPA where tax credits flow to the developer and are reflected in PPA pricing;
- Via direct ownership of a project, where NIPSCO can directly monetize tax credits against its federal tax liability;
- Via direct ownership of a project, where NIPSCO can sell tax credits for cash to a third party through the tax credit transfer provisions in the IRA;
- Via a joint venture with a tax equity partner, where a third-party tax equity investor would invest to obtain a specified internal rate of return through the receipt of tax benefits in the form of depreciation, tax credits, and cash for a specified time frame. NIPSCO would place its portion of the investment, which would be a fraction of the total cost, in rate base.

NIPSCO's tax credit monetization strategy will be project-specific and thus not evaluated in detail in the IRP. For modeling purposes, NIPSCO has assumed monetization either through PPAs or direct ownership and potential tax credit transfer. Based on available resource cost and operational data, the following tax credit assumptions were made: solar: 40% ITC; storage: 40% ITC; wind: PTC; SMR: 30% ITC; CCUS: 45Q credit at $85/ton (real 2026$).

Section 5. Demand-Side Resources

5.1 Existing Resources

5.1.1 Existing Energy Efficiency Resources

NIPSCO actively promotes energy conservation and efficiency to customers and works with its contractors to offer cost-effective energy efficiency programs. On October 18, 2023, the Commission issued a Final Order in Cause No. 45849 approving a Settlement Agreement among NIPSCO, the Indiana Utility Consumer Counselor, and the Citizens Action Coalition of Indiana, Inc., which included NIPSCO's proposed EE programs for the period of January 1, 2024 through December 31, 2026 (the "2024-2026 Plan"). To support the continuation of its program offerings for the period 2024 through 2026, NIPSCO recommended, and its OSB approved, TRC as the vendor to continue implementing both its residential and C&I programs. The OSB also agreed that ILLUME Advising would continue as the EM&V vendor for the three program years.

2024-2026 Residential Programs

Home Rebates

The Home Rebates program is designed to provide incentives to residential customers to replace inefficient HVAC equipment and other home products with energy-efficient alternatives. These measures are paid per-unit installed, reimbursing customers for a portion of their cost. The program's intent is to help remove the financial barrier associated with the initial cost of these energy-efficient alternatives. The electric program promotes premium efficiency air conditioners, air conditioner tune-ups, smart thermostats, ENERGY STAR® air purifiers, ENERGY STAR dehumidifiers, ENERGY STAR clothes dryers, ductless mini-split heat pumps, ENERGY STAR pool pumps, heat pumps, and heat pump water heaters. This program will also offer products through a midstream channel that works with distributors.

Retail Products

The Retail Products program is designed to increase the purchase and use of energy-efficient products among NIPSCO's residential electric customers. The program provides instant discounts by using upstream wholesale incentives to buy down the incremental costs on products such as lighting fixtures, air purifiers, and smart power strips.

Home Energy Analysis

The Home Energy Analysis program is designed to help eligible customers improve the efficiency and comfort of their homes, as well as deliver an immediate reduction in electricity (in kWh) consumption and promote additional efficiency work. This program will provide homeowners with the direct installation of no-cost, energy-efficient measures followed by the delivery of a Comprehensive Home Assessment report to the customer. This program is unique in that it provides a whole home assessment leading to easy to achieve kWh savings opportunities. TRC will continue to utilize a qualified subcontractor for the implementation of this program.

Appliance Recycling

The Appliance Recycling program is designed to provide an incentive to residential customers who choose to recycle a qualifying primary or secondary working refrigerator and/or freezer, room air conditioner, and dehumidifier. TRC will utilize a qualified subcontractor for the implementation of this program.

School Education

The School Education program is designed to produce electric savings by influencing fifth grade and high school students and their families to focus on the efficient use of electricity. It will provide classroom instruction, posters, and activities aligned with national and state learning standards and energy education kits filled with energy-saving products and advice. Students will participate in an energy education presentation at school, learning about basic energy concepts through class lessons and activities. Students will also receive an energy education kit of quality, high-efficiency products and are instructed to install the energy-efficient products at home with their families as well as complete a worksheet. The experience at home will complete the learning cycle started at school. TRC will continue to utilize a qualified subcontractor for the implementation of this program.

Multi-Family Direct Install

The Multi-Family Direct Install program is designed to provide a "one-stop shop" to multifamily building owners, managers, and tenants of multifamily units containing three or more residences receiving service from NIPSCO. With flexible and affordable options, the program generates immediate energy savings and improvements in two distinct program phases. Phase I is a walkthrough assessment of each property, which is conducted to determine eligibility for direct installation services provided by the program, along with complementary incentive offers available through other NIPSCO programs. Property managers are presented with an Energy Improvement Plan that prioritizes recommendations along with a proposal to provide the direct installation services outlined in Phase II. Phase II is an in-unit direct installation of energy-efficient devices at no cost or low cost to the tenant or landlord, such as downlight fixtures, low-flow showerheads, faucet aerators, pipe wrap, and programmable thermostats. Educational materials about home operation, maintenance, and behavior that may reduce energy consumption are provided to tenants in each living unit. To encourage participation, property managers may be paid an incentive upon

completion of the project. TRC will continue to utilize a qualified subcontractor for the implementation of this program.

Residential New Construction

The Residential New Construction program is designed to increase awareness and understanding by home builders of the benefits of energy-efficient building practices, with a focus on capturing energy efficiency opportunities during the design and construction of manufactured and other single-family homes. This program produces long-term, cost-effective savings by incentivizing builders to achieve the various Home Energy Rating System tiers, along with strategies for incorporating the Silver, Gold, and Platinum designations into their marketing efforts to attract home buyers.

HomeLife Energy Efficiency Calculator

The HomeLife Energy Efficiency Calculator program is designed to offer NIPSCO's residential customers an online "do-it-yourself" audit and an energy savings kit for carrying out the audit, at no cost to the customer. The audit tool effectively: (1) identifies low-cost/no-cost measures that a NIPSCO residential customer can easily implement to manage electric consumption; (2) allows eligible customers to request a free home energy kit; (3) educates customers about the variety of programs available to them through the residential energy efficiency portfolio; and (4) assists customers in finding qualified and experienced contractors through a network of trade allies.

Income Qualified Weatherization

The Income Qualified Weatherization program is designed to provide energy efficiency services to qualifying low-income households. For a household to be eligible to participate in the IQW program, the customer must be a NIPSCO residential customer with active service who receives Low-Income Home Energy Assistance, Temporary Assistance for Needy Families, Supplemental Security Income, or Supplemental Security Disability Income and has not received weatherization services in the past three years from the date of application. Qualifying participants receive the direct installation of no-cost energy efficiency measures, including a refrigerator replacement, and a Comprehensive Home Assessment to identify areas of the home where additional energy savings can be achieved to make the home more comfortable and reduce energy costs.

Residential Online Marketplace

The Residential Online Marketplace program provides an online store for NIPSCO electric customers to purchase and install EE measures with an instant incentive applied at the time of purchase. The Residential Online Marketplace ensures only NIPSCO customers are eligible to purchase, and limits are set on the quantities purchased to ensure timely installation.

Home Energy Report

The Home Energy Report program (also known as the Behavioral program) is designed to encourage energy savings through behavioral modification. The program provides customers with home energy reports that contain personalized information about their energy use and provides ongoing recommendations to make their homes more efficient. Customers will be randomly chosen to participate in the program and may opt out if they do not wish to participate. The reports engage customers and drive them to take action to bring their energy usage in line with similar homes and encourage participation in other complimentary residential programs. The program empowers customers to understand their energy usage better and uses competition through neighbor comparisons to influence customers to act on this knowledge, resulting in changed behavior.

Income Qualified Home Energy Report

The Income Qualified Home Energy Report program (also known as the Income Qualified Behavioral program) is designed to encourage energy savings through behavioral modification. The program provides income qualified customers with home energy reports (print and email) that contain personalized information about their energy use and provide ongoing recommendations to make their homes more efficient as well as at-risk language to support customers with energy saving tips, ways to seek additional assistance from utility, local, state, and federal agencies and inform them of potential higher than average usage compared to prior months before receiving their bill. Customers are randomly chosen to participate in the program and may opt out if they do not wish to participate. The reports engage customers and drive them to take action to bring their energy usage in line with similar homes and encourage participation in other complimentary residential programs, including programs offered both by NIPSCO and by other entities focused on income qualifications. The program empowers customers to understand their energy usage better and uses competition through neighbor comparisons to influence customers to act on this knowledge, resulting in changed behavior. Table 5-1 shows the projected energy savings (MWh) by year for each of the Residential programs.[118]

[118] **Error! Reference source not found.** Table 5-1 represents incremental, gross savings at the meter from the plan approved by the Commission in Cause No. 45849. On a net basis, inclusive of measure life considerations, the annual, cumulative impacts modeled for IRP purposes are slightly different. In addition, at the time of the development of the DSM inputs for the IRP, slightly different adjustments were applied to the near-term DSM savings expectations, resulting in slightly different numbers used for IRP modeling purposes. However, given that these savings are part of the plan approved by the Commission, they were universally applied across all portfolios and do not impact comparisons across portfolio options.

Table 5-1: 2024-2026 Projected Residential Energy Savings (MWh)

Residential Programs	2024	2025	2026	2024-2026
Home Rebates	2,404	3,795	5,128	11,327
Retail Products	5,884	5,917	5,967	17,768
HEA	614	650	691	1,955
Appliance Recycling	2,226	2,449	2,694	7,369
School Education	1,568	1,568	1,568	4,704
MFDI	1,466	1,592	1,731	4,789
Residential New Construction	605	661	723	1,989
HomeLife EE Calculator	276	276	276	828
IQW	1,076	1,132	1,193	3,401
Residential Online Marketplace	824	856	878	2,558
Home Energy Report	19,674	21,162	21,460	62,296
Income Qualified Home Energy Report	6,646	6,178	5,660	18,484
Total Residential Programs	43,263	46,236	47,969	137,468

Table 5-2 shows the annual total program budget for each of the Residential programs. Program budget includes implementation costs, NIPSCO administration costs, NIPSCO marketing costs, and EM&V costs.[119]

[119] In its Final Order, the Commission approved that NIPSCO (with OSB approval) is authorized to increase any individual program funding by up to 20% of the total program budget, even if this exceeds the overall 2024-2026 DSM Plan budget approved by the Commission. These budgets do not reflect the potential adjustment.

Table 5-2: 2024-2026 Residential Program Budget

	2024	2025	2026	Total
Home Rebates	$ 2,534,082	$ 3,587,890	$ 4,460,734	$10,582,706
Retail Products	$ 1,361,527	$ 1,219,595	$ 1,078,262	$ 3,659,384
HEA	$ 436,364	$ 458,753	$ 484,960	$ 1,380,077
Appliance Recycling	$ 427,664	$ 408,394	$ 380,993	$ 1,217,051
School Education	$ 988,365	$ 963,449	$ 939,047	$ 2,890,861
MFDI	$ 897,666	$ 939,095	$ 981,935	$ 2,818,696
Residential New Construction	$ 130,979	$ 126,220	$ 119,537	$ 376,736
HomeLife EE Calculator	$ 133,021	$ 127,341	$ 121,704	$ 382,066
IQW	$ 1,171,491	$ 1,239,900	$ 1,316,365	$ 3,727,756
Residential Online Marketplace	$ 379,332	$ 391,251	$ 397,021	$ 1,167,604
Home Energy Report	$ 1,050,182	$ 918,357	$ 918,357	$ 2,886,896
Income Qualified Home Energy Report	$ 521,447	$ 455,097	$ 455,097	$ 1,431,641
Total Residential Programs	$10,032,120	$10,835,342	$11,654,012	$32,521,474

2024-2026 C&I Programs

Prescriptive

The Prescriptive program is designed to provide incentives for a set list of energy-efficient measures and will be paid based on per unit installed, reimbursing the customer for a portion of the cost. The Prescriptive program will offer incentives to NIPSCO's C&I customers who are making electric EE improvements in existing buildings.

Custom

The Custom program will be available to C&I customers for installing new energy-saving equipment. Custom incentives are designed for more complicated projects, RCx projects, or projects that incorporate alternative technologies. Project pre-approval will be required for all Custom incentives to ensure that only cost-effective projects are approved. Qualifying measures will be required to have a Total Resource Cost test score greater than 1.0, have a simple payback greater than 12 months (less than 12 months for RCx measures), and cannot be included as an EE measure in the Prescriptive Program. RCx projects examine energy consuming systems for cost-

effective savings opportunities. The RCx process identifies operational inefficiencies that can be removed or reduced to yield energy savings.

C&I New Construction

The C&I New Construction program is designed to encourage construction of energy efficient C&I facilities within the NIPSCO service territory. This program will offer financial incentives to encourage building owners, designers, and architects to exceed standard building practices and achieve efficiency, above and beyond the 2010 Indiana Energy Conservation Code. The goal of the New Construction program is to produce newly constructed and expanded buildings that are efficient from the start. New construction projects that may be eligible for incentives under the New Construction program may include any of the following: (1) new building projects wherein no structure or site footprint presently exists; (2) addition to or expansion of an existing building or site footprint; and (3) a total "gut" rehabilitation for a change of purpose requiring replacement of all electrical and mechanical systems/equipment.

Small Business Direct Install

The Small Business Direct Install program is designed to facilitate participation in the NIPSCO business EE program of small C&I customers that do not possess the in-house expertise or capital budget to develop and implement an energy efficiency plan. The program will offer a variety of ways for small businesses, with billing demands not exceeding 200 kW, to improve the efficiency of their existing facilities. Measures will be paid out on a per-unit basis, much the same way as the Prescriptive program, but with slightly higher incentive rates in an effort to encourage energy efficient investment from these smaller commercial customers. Incentive payments to the approved trade allies will occur following measure implementation and submission of all required paperwork. If additional incentives are available through other programs, customers will be directed to the appropriate application.

C&I Online Marketplace

The C&I Online Marketplace program will provide an online store for NIPSCO electric customers to purchase and install EE measures with instant incentive applied at the time of purchase. The C&I Online Marketplace program will ensure only NIPSCO customers are eligible to purchase, and limits are set on the quantities purchased to ensure timely installation.

Strategic Energy Management

The Strategic Energy Management program will provide NIPSCO customers with a tailored self-service platform when they opt in to the program. The platform will provide customers with the knowledge and insights to make meaningful and energy-efficient choices in their facilities. Through personalized energy efficiency suggestions, the program will provide uplift to other C&I programs while providing behavioral savings based upon the changes made at the facility outside of other commercial and industrial programs.

Table 5-3 shows the projected energy savings (MWh) by year for each of the C&I programs.[120]

Table 5-3: 2024-2026 Projected C&I Energy Savings (MWh)

C&I Programs	2024	2025	2026	Total
Prescriptive	25,975	26,701	25,710	78,386
Custom	32,779	31,297	29,917	93,993
C&I New Construction	13,662	13,045	12,469	39,176
SBDI	1,574	1,504	1,437	4,515
C&I Online Marketplace	3,936	3,758	3,592	11,286
SEM	787	752	718	2,257
Total C&I Programs	**78,713**	**77,057**	**73,843**	**229,613**

Table 5-4 shows the total annual program budget for each of the C&I programs. Program budget includes implementation costs, NIPSCO administration costs, NIPSCO marketing costs, and EM&V costs.

Table 5-4: 2024-2026 C&I Program Budget

C&I Programs	2024	2025	2026	Total
Prescriptive	$ 4,496,951	$ 5,083,376	$ 4,965,423	$14,545,750
Custom	$ 5,817,162	$ 5,570,304	$ 5,742,130	$17,129,596
C&I New Construction	$ 2,319,671	$ 2,262,194	$ 2,299,311	$ 6,881,176
SBDI	$ 341,431	$ 332,587	$ 328,620	$ 1,002,638
C&I Online Marketplace	$ 700,442	$ 705,736	$ 712,239	$ 2,118,417
SEM	$ 142,622	$ 138,905	$ 137,405	$ 418,932
Total C&I Programs	**$13,818,279**	**$14,093,102**	**$14,185,128**	**$42,096,509**

[120] Table 5-3 represents incremental, gross savings at the meter from the Final Order in Cause No. 45849. At the time of the IRP, slightly different adjustments were used for modeling but were universally applied.

Table 5-5 shows the projected energy savings (MWh) by year for all Residential and C&I programs included in the 2024-2026 Plan. NIPSCO also included Emerging Technologies in the plan for programs and measures that have not yet been identified.

Table 5-5: 2024-2026 Projected Combined Energy Savings (MWh)

	2024	2025	2026	Total
Total Residential Programs	43,263	46,236	47,969	137,468
Total C&I Programs	78,713	77,057	73,843	229,613
Emerging Technologies				8,041
Total 2024-2026 Plan	**121,976**	**123,293**	**121,812**	**375,122**

Table 5-6 shows the annual total program budget for all Residential, C&I, and Emerging Technology programs included in the 2024-2026 Plan.

Table 5-6: 2024-2026 Combined Program Budget

	2024	2025	2026	Total
Total Residential Programs	$10,032,120	$10,835,342	$11,654,012	$32,521,474
Total C&I Programs	$13,818,279	$14,093,102	$14,185,128	$42,096,509
Emerging Technologies				$ 1,859,883
Total 2024-2026 Plan Budget	**$23,850,399**	**$24,928,444**	**$25,839,140**	**$76,477,866**

Table 5-7 shows the eligible customer classes and rate schedules for each of the Residential and C&I programs included in the 2024-2026 Plan.

Table 5-7: Eligible Customers

Program	Customer Class	Electric Rate Schedule
Home Rebates	Residential	511
Retail Products	Residential	511
HEA	Residential	511
Appliance Recycling	Residential	511
School Education	Residential	511
MFDI	Residential	511
Residential New Construction	Residential	511
HomeLife EE Calculator	Residential	511
IQW	Residential	511
Residential Online Marketplace	Residential	511
Home Energy Report	Residential	511
Income Qualified Home Energy Report	Residential	511
Prescriptive	C&I	520, 521, 522, 523, 524, 525, 526, 531 Tier 1, 532, 533, 541, 543, or 544
Custom	C&I	520, 521, 522, 523, 524, 525, 526, 531 Tier 1, 532, 533, 541, 543, or 544
C&I New Construction	C&I	520, 521, 522, 523, 524, 525, 526, 531 Tier 1, 532, 533, 541, 543, or 544
SBDI	C&I	520, 521, 522, or 523 who have not had a billing demand of 200 kW or greater in any month during the previous 12 months
C&I Online Marketplace	C&I	520, 521, 522, 523, 524, 525, 526, 531 Tier 1, 532, 533, 541, 543, or 544
SEM	C&I	520, 521, 522, 523, 524, 525, 526, 531 Tier 1, 532, 533, 541, 543, or 544

5.1.2 Existing Demand Response Resources

5.1.2.1 Capacity Resources

On December 4, 2019, the Commission issued a Final Order in Cause No. 45159, which revised its industrial service structure by removing Rider 775 and Rate 734 and added Rate 831 and the Commission approved the continuation of this industrial rate structure in Cause No. 45772 with Rate 531 (formerly Rate 831). This industrial service structure requires NIPSCO's largest industrial customers on Rate 531 to designate their firm service with the remainder of their service requirements being registered as a MISO LMR, which is, by definition, curtailable. NIPSCO experienced an increase in registered LMRs as a result of this new industrial power service structure, unless those Rate 531 customers utilize other options within the rate to acquire capacity from the MISO annual Planning Resource Auction or through a bilateral agreement between NIPSCO and a third party entered on their behalf. In addition, large industrial customers will continue to be eligible to participate in MISO's DR Resource program, discussed below.

5.1.2.2 Energy-Only Resources

NIPSCO offers DRR1 and EDR through Riders 581 and 582, respectively. These Riders are available to a customer on Rates 523, 524, 525, 526, 531, 532, and 533 that has a consistent ability to reduce energy requirements through indirect participation in the MISO wholesale energy market by managing electric usage as dispatched by MISO. Through these Riders, the Customer or Aggregator of Retail Customer curtails a portion of its electric load through participation with the Company, acting as the Market Participant with MISO. These Riders are available to any load that is participating in the Company's other interruptible or curtailment Riders, unless MISO rules change and do not permit load used by the Company as a LMR to also participate as a DRR1 or EDR. Although the DRR1 and EDR offered under Riders 581 and 582, respectively, do not qualify as a Capacity Resource, they do offer a means for customers to offer into the MISO market and to be paid for the portion of their electric load curtailed. This provides economic benefit to the customers participating in these Riders and to other NIPSCO customers through an overall lower electric system demand, which can help NIPSCO to avoid purchased power or the need for higher cost generation resources to be committed through the MISO market. Currently, NIPSCO has one customer participating in Rider 581 as a DRR1. No customers are participating in Rider 582 as an EDR.

5.2 DSM MPS

5.2.1 DSM MPS – Purpose and Key Objectives

To support the IRP and DSM planning for NIPSCO, NIPSCO contracted with the GDS Team to conduct a DSM MPS (a copy of which is included in Appendix B). The DSM MPS provides an update of DSM program costs and savings for a 20-year time horizon (2027-2046).[121]

[121] Near term (2025-2026) savings in the IRP are informed by NIPSCO's currently approved DSM Plan. Based on discussions with the NIPSCO OSB, it was agreed that the DSM MPS would be used to inform the remaining years of the IRP.

The study included a comprehensive review of current programs, historical savings, and projected energy savings opportunities in order to develop estimates of technical, economic, and achievable potential. Separate estimates of energy efficiency and demand response potential were developed. The effort was highly collaborative, as the GDS Team worked closely with the NIPSCO OSB to produce reliable estimates of future savings potential, using the best available information and best practices for developing market potential savings estimates.

5.2.2 Impact of Opt-out Customers

The GDS Team reviewed the latest information available from NIPSCO related to energy efficiency program participation, measure and program savings data, results of NIPSCO's 2021 MPS, NIPSCO's electric load and customer forecasts, NIPSCO's load research data, electric avoided costs, program evaluation reports, and NIPSCO's 2024-2026 DSM Plan. NIPSCO requested that GDS prepare its base case DSM market potential assuming that C&I electric customers, who had opted out of NIPSCO's energy efficiency programs prior to January 1, 2023, would be excluded from the DSM MPS. In Indiana, commercial or industrial customers with a peak load greater than 1 MW are eligible to opt out of utility-based electric energy efficiency programs. In the NIPSCO service area, approximately 11% of commercial kWh sales have opted out of utility-based electric energy efficiency programs, while roughly 81% of industrial kWh sales have opted out.

5.2.3 Modeling Framework

The GDS Team used its energy efficiency and DR planning models to prepare the DSM MPS. These models allow the user to develop forecasts of measure and program costs, participants, kWh and kW savings, savings of other fuels, and benefit/cost ratios over the planning horizon. These models are transparent and all formulas, model inputs, and model outputs can be viewed by the model user.

5.2.4 Key Assumptions That Impact Energy Efficiency Potential

The GDS Team updated several input assumptions during the process of preparing the DSM MPS. The changes made for a few of these input assumptions are discussed below.

5.2.4.1 Updated NIPSCO Load Forecast, Avoided Cost Forecast and General Planning Assumptions

NIPSCO and CRA, provided the GDS Team with an electric load forecast for 2024 through 2046. GDS used this load forecast to calculate the percentage of electric MWH sales and peak demand saved each year by DSM programs. Without hyperscaler data center load, NIPSCO's load forecast projects that total MWh sales to ultimate customers will only increase 0.1% per year, on average, through the year 2043. For energy efficiency, the load forecast absent any potential new hyperscaler data center load was utilized because these potential new loads would likely be eligible to opt out of the energy efficiency charge. These additional loads were considered in development of the demand response potential.

NIPSCO also provided GDS with updated planning assumptions for avoided energy, avoided capacity, and avoided transmission and distribution costs, the general inflation rate, escalation rates for NIPSCO electric rates, the utility discount rate, line losses by class of service, and the planning reserve margin.[122] GDS used these assumptions to develop the 2024 MPS.

5.2.4.2 NIPSCO DSM Assumptions for Measure Costs, Savings, Useful Lives, and Market/Equipment Characteristics

GDS reviewed the assumptions for measure costs, savings, and useful lives included in the 2024-2026 NIPSCO DSM plan and updated these assumptions where appropriate. GDS utilized data specific to NIPSCO when it was available and current. GDS used the most recent NIPSCO evaluation report findings (as well as NIPSCO program planning documents), the recently updated Indiana TRM, the Illinois TRM, and the Michigan Energy Measures Database to inform a large portion of the data requirements. Additional data sources were only used if these sources either did not address a certain measure or contained outdated information. Additional source documents included the NREL Energy Measures Database, American Council for an Energy-Efficient Economy research reports, and other market potential study databases.

In addition to measure assumption development, the GDS Team developed estimates of equipment penetration, saturation, and efficiency characteristics, as well as customer willingness to participate in program offerings data, across select end-uses/technologies. GDS primarily leveraged the market research results from the 2021 NIPSCO MPS, which included a combination of online/mail surveys, as well as a limited amount of on-site site visits, to form the basis of the research. The resulting data was used to develop updated estimates of baseline and efficient equipment saturation estimates in the market potential study and to develop expected long-term adoption rates for energy efficiency over the study horizon.

5.2.4.3 Federal Efficiency Standards and Tax Rebates

The DOE develops and implements federal appliance and equipment standards to improve energy efficiency, saving consumers energy and money. The DOE is currently required to periodically review standards and test procedures for more than 60 products, representing about 90% of home energy use, 60% of commercial building energy use, and 30% of industrial energy use. By law, the DOE is expected to review each national appliance standard every six years and publish either a proposed rule to update the standard or determine that no change to the existing standard is needed. The sources used to develop measure assumptions for the study reflect recent updates to federal efficiency standards. Although not exhaustive, key measures that have been impacted by updates to federal standards since the prior MPS include:

- Residential air-source heat pumps in 2023

[122] NIPSCO provided the GDS Team with both average and peak line loss factors. The GDS Team used the peak line loss factors (LLF) to adjust savings at the meter to the generator-level. NIPSCO has not conducted a marginal versus average line loss study, but the use of the peak LLF for DSM impacts is used as a proxy for the marginal LLF. The peak residential line loss used in the analysis was 7.5%.

- Residential central air conditioners in 2023
- Commercial single-package and split system unitary air conditioners in 2023

In addition to accounting for federal efficiency standards, the study recognized the implications of federal tax credits and rebates. The IRA includes various pathways for residents to receive credits and/or rebates for installing energy efficiency measures. The study accounted for the IRA in multiple ways, including in the assessment of measure-level cost-effectiveness and estimating how the rate of adoption of energy efficiency measures could be impacted by the availability of federal tax rebates and credits. The study also estimated what portion of future savings potential may be attributable to programs aligned with federal funding versus what could be achieved by NIPSCO. This is addressed further in Section 5.3 Future Resource Options.

5.2.5 Energy Efficiency Measures & Potential

5.2.5.1 Measures Considered

For the residential sector, there were 197 unique electric energy efficiency measures included in the energy efficiency potential analysis. Table 5-8 provides a summary of the types of measures included for each end use in the residential sector. The measure list was developed based on a review of current NIPSCO programs, the Indiana TRM, other regional TRMs, and industry documents related to emerging technologies. The residential measures were then further broken out to include permutations across housing type (single-family vs. multifamily) and income type (income-qualified vs. market rate).

Table 5-8: Types of Electric Energy Efficiency Measures included in the Residential Sector Analysis[123]

End Use	Measure Types Included		
Appliances	ENERGY STAR Air Purifier ENERGY STAR Refrigerator Refrigerator Recycling ENERGY STAR Clothes Washer ENERGY STAR Dishwasher Ultrasonic Clothes Dryer	ENERGY STAR Dehumidifier Dehumidifier Retirement ENERGY STAR Freezer Freezer Recycling ENERGY STAR Clothes Dryer	Heat Pump Dryer Ozone Laundry Smart Dryer Sensor ENERGY STAR Water Coolers Induction Cooktop
Audit	Assessment Recommendations		
Behavioral	Home Energy Reports Home Energy Management System AMI Data Portal		
Consumer Electronics	Advanced Power Strip – Tier 1 Tier 2 Advanced Power Strips (APS) – Residential Audio Visual		

[123] Some of the unique measures have been collapsed into broader categories to summarize the list.

End Use	Measure Types Included		
	ENERGY STAR Television Smart Sockets		
Electric Vehicle Charging	L2 ESVE		
HVAC Equipment	ASHP 15.2 SEER2 ASHP 16.2 SEER2 ASHP 17.1 SEER2 ASHP 18.1 SEER2 Ground Source Heat Pump Ductless HP 8.5 HSPF2 Ductless HP 9.4 HSPF2 Ductless HP 10.8 HSPF2 Ductless HP 11.7 HSPF2 AC Tune Up Central AC 15.2 SEER Central AC 16.2 SEER	Indirect-Evaporative Cooler Radiant Panels Advanced Wall Heater Wi-Fi Smart Thermostat Programmable Thermostat Optimized Thermostat Integrated HVAC Controls ECM HVAC Motor Advanced Furnace Fan ENERGY STAR Room AC Room AC Recycling Smart Vents/Sensors	Whole House Attic Fan HVAC Economizer Efficient Bathroom Fan ENERGY STAR Ceiling Fan Energy Recovery Ventilator Filter Cleaning/Replacement Efficient Kitchen Fan Eco-Snap Air Conditioning Residential Wet Bulb Chiller Solar-Assisted AC Electro Caloric Heat Pump
Lighting	LED A-line LED Globe LED PAR/R/BR LED Candelabra LED Nightlights Exterior LED Lamp	LED String Lighting Linear LED LED Fixture Occupancy Sensor Exterior Lighting Controls LED Exit Signs	Connected LED Lamps EISA Exempt LED Ultra-Efficient LED Advanced Lighting
New Construction	ENERGY STAR New Home Integrated Design		
Pools/Pumps	Heat Pump Swimming Pool Heater Variable Speed Pool Pump	Pool Timer Well Pump	
Shell	Duct Sealing Air Sealing Basement Sidewall Insulation Floor Insulation Above Crawlspace Wall Insulation Advanced Walls Insulation Ceiling/Attic Insulation	Rim/Band Joist Insulation Low-E Storm Window High Performance Windows Insulated Cellular Shades Multifamily Whole Building Aerosol Sealing Insulated Concrete Forms	Phase Change Blanket Basement Wall InsulationNanoinsulation Ceiling / Attic Insulation Nanoinsulation Crawlspace InsulationNanoinsulation Floor InsulationNanoinsulation Rim and Band Joist Insulation - Nanoinsulation Wall InsulationNanoinsulation
Water Heating	Water Heater Temperature Setback Domestic Hot Water Pipe Insulation Bathroom Aerator 1.0 gpm	Thermostatic Restrictor Shower Valve Heat Pump Water Heater (UEF 2.0)	Water Heater Wrap Drain-water Heat Recovery Shower Timer Recirculating Pump Controls

End Use	Measure Types Included	
	Kitchen Flip Aerator 1.5 gpm Low Flow Showerhead 1.5 gpm	Heat Pump Water Heater (UEF 2.6) Water Heater Timer

For the C&I sector, there were 272 unique electric energy efficiency measures included in the energy efficiency potential analysis. Table 5-9 provides a summary of the types of measures included for each end use in the C&I sector. Measures are assumed to be included as part of NIPSCO's current portfolio of offerings, either under their current Prescriptive or Small Business Direct Install programs, or under the Custom program offering.

Table 5-9: Types of Electric Energy Efficiency Measures included in the C&I Sector Analysis

End Use	Measure Types Included		
Compressed Air	Efficient Air Compressors (VSD) Efficient Air Nozzles No Loss Condensate Drain Compressed Air Leak Repair Rcx_Compressed Air Optimization Efficient Air Compressor Equipment Efficient Air Compressor Controls Process Improvement - Air Compressor		
Cooking	Combination Oven Convection Oven Electric Griddle Electric Steam Cooker	ENERGY STAR Dishwasher Electric Fryer Insulated Holding Cabinets Advanced Cooking	
Cooling	AC - 16 SEER AC - 18 SEER AC - 21 SEER Air Conditioner - 17 IEER Air Conditioner - 18 IEER Air Conditioner - 21 IEER Air Conditioner - 14.3 IEER Air Conditioner - 15 IEER	PTAC AC Tune-up Air Side Economizer Air Cooled Chiller Water Cooled Chiller	HVAC Occupancy Controls Smart Thermostat Window Film Triple Pane Windows Energy Recovery Ventilator
Heating	HP - 16 SEER HP - 18 SEER HP - 21 SEER HP - 15.0 IEER COP 3.6 HP - 16.0 IEER COP 3.8 HP - 14.5 IEER COP 3.5	HP - 15.5 IEER COP 3.7 HP - 12 IEER 3.4 COP HP - 13 IEER 3.6 COP Geothermal HP - 17 EER Geothermal HP - 19 EER	PTHP Garage Door Hinge
Hot Water	Heat Pump Water Heater Low Flow Faucet Aerator Ozone Commercial Laundry Pre-Rinse Spray Valves		
HVAC	Advanced Rooftop Controls Demand Control Ventilation	Retro-commissioning_Bld Optimization Commercial Weatherstripping	

End Use	Measure Types Included		
	High Efficiency DOAS HVAC - Energy Management System GREM Controls	Advanced HVAC Efficient HVAC Equipment Efficient HVAC O&M	
Lighting	Exterior LED Replacing Metal Halide LED Interior Direction LED Linear Lamp LED Troffers LED Linear Ambient Fixture LED Low-Bay Fixture LED High-Bay Fixture	LED Exit Sign Fluorescent Delamping Lighting Occupancy Sensor Lighting Daylight Sensor Dual Occupancy / Daylight Sensor Luminaire-Level Lighting Controls	Networked Lighting Control Advanced Lighting Efficient Lighting Equipment Efficient Lighting O&M Advanced Lighting Controls Efficient Lighting Grow Lighting
Miscellaneous	Non-Refrigerated Vending Machine Controls Kitchen Exhaust Demand Ventilation Control System	High Efficiency Hand Dryers ENERGY STAR Uninterrupted Power Supply Miscellaneous Custom	
Motors	Variable Frequency Drive Controls Power Drive Systems Switch Reluctance Motors Advanced Motors Efficient Machine Drive Equipment Efficient O&M Efficient Motor Pmp Equipment Efficient Motor Pmp O&M		
Plug Loads	Advanced Power Strip – Teri 1 Commercial Use Smart Socket Energy Star Printer/Copier/Fax Energy Star Server Server Virtualization Electrically Commutated Plug Fans in DataCcenters High Efficiency CRAC Unit Computer Room Air Conditioner Economizer Data Center Hot/Cold Aisle Configuration Advanced IT		
Process	Efficient Process Heat Equipment Efficient Process Heat O&M Efficient Process Refrigeration Equipment Efficient Process Refrigeration O&M Process Equipment	Process O&M Process Improvement - Heat Process Improvement - Other Process Improvement - Refrigeration and Cooling	
Refrigeration	Automated Door Closer for Refrigerator Aerofoils for Open Display Cases	Evaporator Fan Motor Controls Strip Curtains Night Covers	Commercial Ice Marker LED Refrigerated Display Case Refrigeration - Custom

End Use	Measure Types Included		
	Automated Door Closer for Freezer ESTAR Refrigerated Vending Machine Refrigerated Vending Machine Controls Door Heater Controls for Cooler Door Heater Controls for Freezer ECM for Evaporator	Evaporator Fan Motor Variable Speed Condenser Fan Display Case Door Retrofit, Medium Temp Floating Head Pressure Controls	RCx Refrigeration Advanced Refrigeration Efficient Refrigeration Refrigeration O&M
Ventilation	VFD Controls Cogged V-Belt (Synchronous) Efficient Ventilation		
Whole Building	Power Distribution Whole Building Retrofit COM Competitions Business Energy Reports Building Benchmarking	Strategic Energy Management BEIMS Building Operator Certification Efficient Dehumidification Efficient HVAC	Mid-Tier IT Improvements High End IT Improvements Hyperscale IT Improvements

5.2.5.2 Achievable Electric Energy Efficiency Potential

Achievable potential is the amount of energy that can realistically be saved given various market barriers. Achievable potential considers real-world barriers to encouraging end users to adopt efficiency measures; the non-measure costs of delivering programs (for administration, marketing, analysis, and EM&V); and the capability of programs and administrators to boost program activity over time. Barriers include financial constraints, customer awareness and willingness-to-participate in programs, technical constraints, and other barriers that the "program intervention" is modeled to overcome. Additional considerations include political and/or regulatory constraints. The potential study evaluated two achievable potential scenarios:

- MAP estimates achievable potential with NIPSCO paying incentives equal to 100% of measure incremental costs and aggressive adoption rates.
- RAP estimates achievable potential with NIPSCO paying incentive levels (as a percent of incremental measure costs) closely calibrated to historical levels but is not constrained by any previously determined spending levels.

Residential Sector Achievable Potential

Table 5-10 shows the cumulative annual achievable residential sector energy efficiency potential for the years 2027 to 2046 and estimates of the annual NIPSCO energy efficiency budgets for the residential sector.[124] Cumulative annual residential MWh savings represent 24% and 18% of residential sales in the maximum achievable and realistic achievable potential scenarios, respectively.

Table 5-10: Achievable Residential Sector Annual Energy Efficiency Potential and Annual Utility Budgets

	Maximum Achievable			Realistic Achievable		
	Cumulative Annual			Cumulative Annual		
Year	MWh	MW	Budget	MWh	MW	Budget
2027	64,672	19.3	$23,192,756	50,575	12.6	$10,519,160
2028	108,667	35.2	$27,937,935	78,203	20.4	$12,296,863
2029	153,581	51.9	$30,160,372	106,311	28.4	$13,235,799
2030	199,056	69.5	$32,016,573	134,931	36.8	$14,207,522
2031	242,779	84.8	$33,868,763	163,391	44.6	$15,117,341
2032	289,272	101.4	$37,655,268	194,012	53.1	$16,739,498
2033	336,339	119.5	$43,912,595	226,058	62.5	$19,300,726
2034	387,042	137.9	$51,128,069	261,135	72.2	$22,736,831
2035	440,263	157.2	$55,380,771	298,430	82.5	$24,439,390
2036	494,310	177.0	$58,943,898	336,693	93.1	$25,888,556
2037	548,768	196.6	$61,978,625	375,756	103.7	$27,341,096
2038	601,860	215.4	$63,439,508	414,469	114.0	$28,159,380
2039	652,696	232.8	$64,511,729	451,943	123.7	$28,660,711
2040	700,351	248.2	$63,922,935	487,630	132.5	$28,476,395
2041	745,432	262.1	$65,516,656	521,698	140.6	$29,585,240
2042	787,982	274.5	$66,278,332	554,127	148.1	$29,854,785
2043	826,525	285.7	$66,125,283	583,457	154.9	$29,688,014
2044	862,084	296.1	$65,493,837	610,583	161.4	$29,323,415
2045	894,625	305.4	$65,595,063	635,499	167.3	$29,349,148
2046	924,753	313.8	$65,416,740	661,253	173.6	$29,396,758

[124] All achievable potential savings are gross and do not include any adjustments for expected free-ridership and/or spillover.

Table 5-11 below provides the UCT benefit/cost ratios for the period 2027 to 2046 for the residential sector maximum and achievable potential.[125] The overall UCT benefit/cost ratio for the residential portfolio of energy efficiency programs is 2.50 in the realistic achievable potential scenario. In the maximum achievable potential scenario, the overall UCT drops to 1.85.[126]

Table 5-11: Utility Cost Test Benefit/Cost Ratios for Residential Programs

Achievable Potential Type – C&I	NPV Benefits	NPV Costs	Net Benefits	UCT Ratio
MAP	$984,479,685	$531,699,914	$452,779,771	1.85
RAP	$591,948,901	$236,440,722	$355,508,180	2.50

C&I Achievable Electric Energy Efficiency Savings

Table 5-12 shows the cumulative annual achievable energy efficiency savings for the years 2027 to 2046 and estimates of the annual energy efficiency budgets. Cumulative annual savings by 2046 for the MAP and RAP scenarios represents 24% and 17% of C&I sales, respectively.[127]

Table 5-12: Achievable C&I Sector Energy Efficiency Potential and Annual Budgets

	Maximum Achievable			Realistic Achievable		
	Cumulative Annual			Cumulative Annual		
Year	MWh	MW	Budget	MWh	MW	Budget
2027	99,074	16.7	$39,255,766	71,173	11.8	$10,360,372
2028	195,047	32.6	$38,458,634	139,874	23.1	$10,163,890
2029	286,104	47.4	$36,938,615	204,936	33.5	$9,856,851
2030	370,214	60.9	$35,629,196	264,831	43.1	$9,836,659
2031	447,641	73.3	$33,211,602	319,888	51.8	$9,287,855
2032	519,055	84.7	$31,732,504	370,607	59.9	$9,301,386
2033	590,181	97.7	$36,172,390	420,198	68.7	$10,254,498
2034	656,577	110.1	$35,523,645	466,338	77.1	$10,320,037
2035	719,332	122.1	$34,938,435	509,763	85.2	$10,223,970
2036	776,947	133.6	$34,896,361	549,443	92.8	$10,574,611

[125] NIPSCO utilized the UCT as the test for screening measures for inclusion.

[126] Economic screening for cost-effectiveness was performed assuming incentive levels consistent with historical levels.

[127] C&I savings and sales exclude current opt-out customers. All achievable potential savings are gross and do not include any adjustments for expected free-ridership and/or spillover.

	Maximum Achievable			Realistic Achievable		
	Cumulative Annual			Cumulative Annual		
Year	MWh	MW	Budget	MWh	MW	Budget
2037	829,601	144.6	$42,166,903	585,941	100.2	$12,393,030
2038	876,710	155.2	$41,210,843	618,703	107.3	$12,075,038
2039	918,659	165.4	$40,549,554	647,698	114.0	$12,227,582
2040	956,320	175.3	$38,618,689	673,627	120.6	$11,653,371
2041	990,757	184.7	$36,911,374	697,366	126.8	$11,515,578
2042	1,011,779	191.9	$44,710,104	712,257	131.7	$14,464,039
2043	1,029,880	198.4	$42,175,314	725,142	136.0	$13,958,534
2044	1,045,370	204.1	$38,682,732	736,200	139.9	$13,039,591
2045	1,058,618	208.9	$36,310,855	745,751	143.2	$12,754,581
2046	1,069,271	212.9	$32,862,096	753,508	146.0	$11,780,106

Table 5-13 shows the NPV of benefits, NPV of costs, net benefits, and the benefit-cost ratio for the C&I sector as a whole, under both the maximum and achievable potential scenarios.

Table 5-13: Utility Cost Test Benefit/Cost Ratios for C&I Programs

Achievable Potential Type – C&I	NPV Benefits	NPV Costs	Net Benefits	UCT Ratio
MAP	$1,079,823,362	$950,494,866	$129,328,495	1.1
RAP	$716,158,046	$124,077,509	$592,080,537	5.8

5.2.6 DR Potential

Prior to NIPSCO's rate case in 2018, NIPSCO's demand response portfolio comprised load curtailment agreements from a small number of large industrial customers. NIPSCO was responsible for procuring capacity to meet the full peak loads of these customers but also offered a substantial portion of these loads to MISO as LMRs to help satisfy capacity requirements. With the 2018 rate case, NIPSCO must now only procure enough resources for a portion of these customers' loads (known as "firm" loads, approximately 165 MW in total). However, NIPSCO can no longer claim the remaining "non-firm" portion of these customers' loads – nearly 450 MW – as demand response. See above for a description of Rate 531.

Thus, while NIPSCO now has a lower total load obligation than before the 2018 rate case, it also cannot claim any demand response from Rate 531 customers. The change to NIPSCO's demand response portfolio is important to keep in mind when making comparisons to NIPSCO's historical demand response offerings. Like the 2021 MPS and 2022 IRP, the "non-firm" load

associated with Rate 531 customers was excluded from both the demand response potential assessment and NIPSCO's future capacity requirements for the 2024 MPS and the 2025 IRP.

NIPSCO did not have any active DR offerings during 2024 but is in negotiations with vendors to launch two DR offerings in 2025; a Residential Bring Your Own Thermostat program and a C&I Load Curtailment program. The timeline and budgets for these offerings are pending NIPSCO DSM OSB review and regulatory approval.

The DR portion of the MPS considered the following DR program types:

- C&I Load Curtailment
- Data Center Load Curtailment
- Residential Connected Thermostats
- Electric Vehicle Managed Charging
- Residential Time-Varying Rates[128]
- Residential Water Heater Load Control
- Residential Behavioral Demand Response
- Residential Behind-the-Meter Battery Storage

Like the energy efficiency portion of the MPS, the DR portion of the MPS includes two achievable potential scenarios. For each demand response program, the maximum achievable potential represents aggressive assumptions around incentives and program design, which in turn drives higher participation. The realistic achievable potential represents more "middle-ground" assumptions around program incentives and design. Thus, the RAP scenarios generally have lower total demand response potential but are more cost-effective than the MAP scenarios. Each program is also assumed to have a ramp rate, reaching full program capacity after two or three years, which reflects time required to market to and enroll customers in each program. Table 5-14 shows the UCT cost-effectiveness screening results by program based on the MPS avoided cost inputs. To increase optionality in the modeling process, all DR options were included in the DR MPS outputs and considered in the IRP.

Table 5-14: UCT Results by DR Program Type and Scenario

Program	RAP	MAP
Connected Thermostats	Pass	Fail

[128] Includes daily time-of-use, critical peak pricing, and peak time rebates. Enabling AMI is assumed to be in place by 2030, at which time demand response potential savings begin to accrue. AMI costs are not included in demand response program costs.

Water Heaters	Fail	Fail
Behavioral DR	Pass	Pass
Dynamic Rates	Pass	Pass
EV Managed Charging	Fail	Fail
BTM Storage	Fail	Fail
C&I Load Curtailment	Pass	Pass
Data Centers	Pass	Pass

The 2021 MPS and 2022 IRP only considered summer DR potential. Given the transition to a seasonal capacity construct at MISO, the 2024 MPS modeled DR potential separately for the spring, summer, fall, and winter seasons. The summer MAP and RAP demand response by program over the 2027-2046 MPS horizon are shown in Figure 5-1 and Table 5-2, respectively. The difference between aggregate MAP potential and aggregate RAP potential is due to the Connected Thermostat DR offering failing UCT screening under MAP incentive levels.

Figure 5-1: Maximum Achievable DR Potential by Program

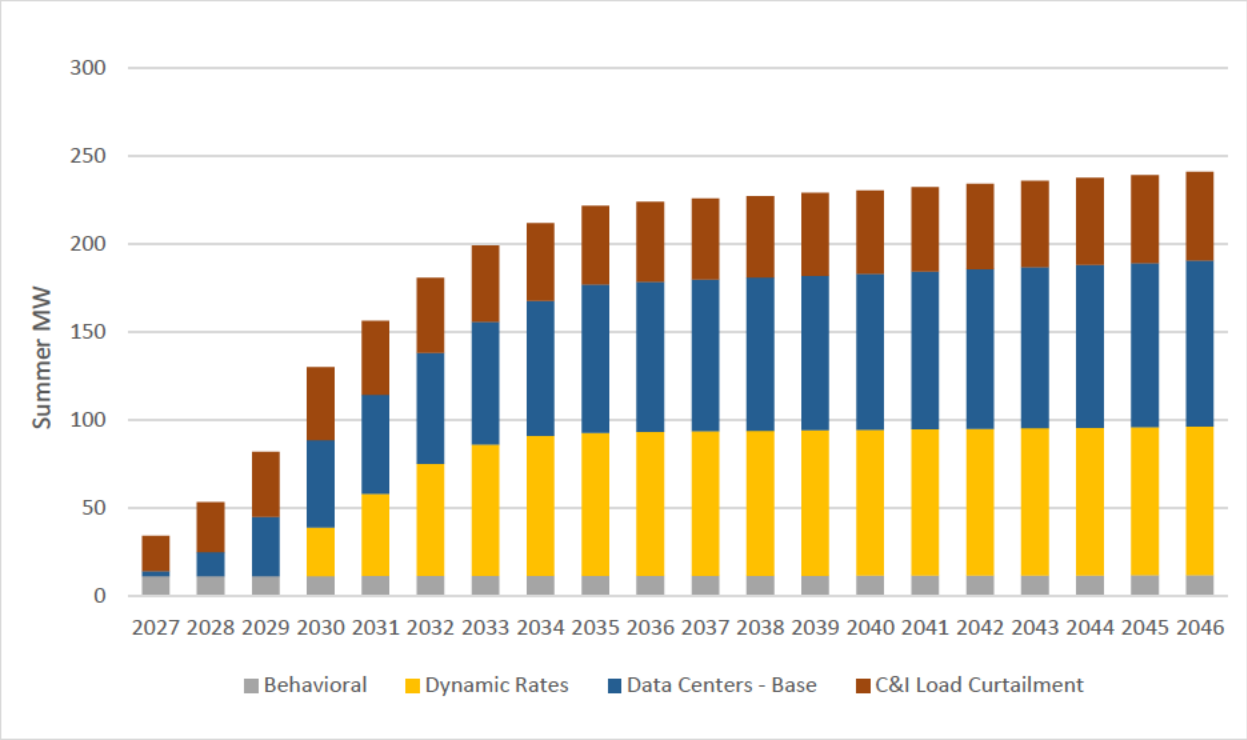
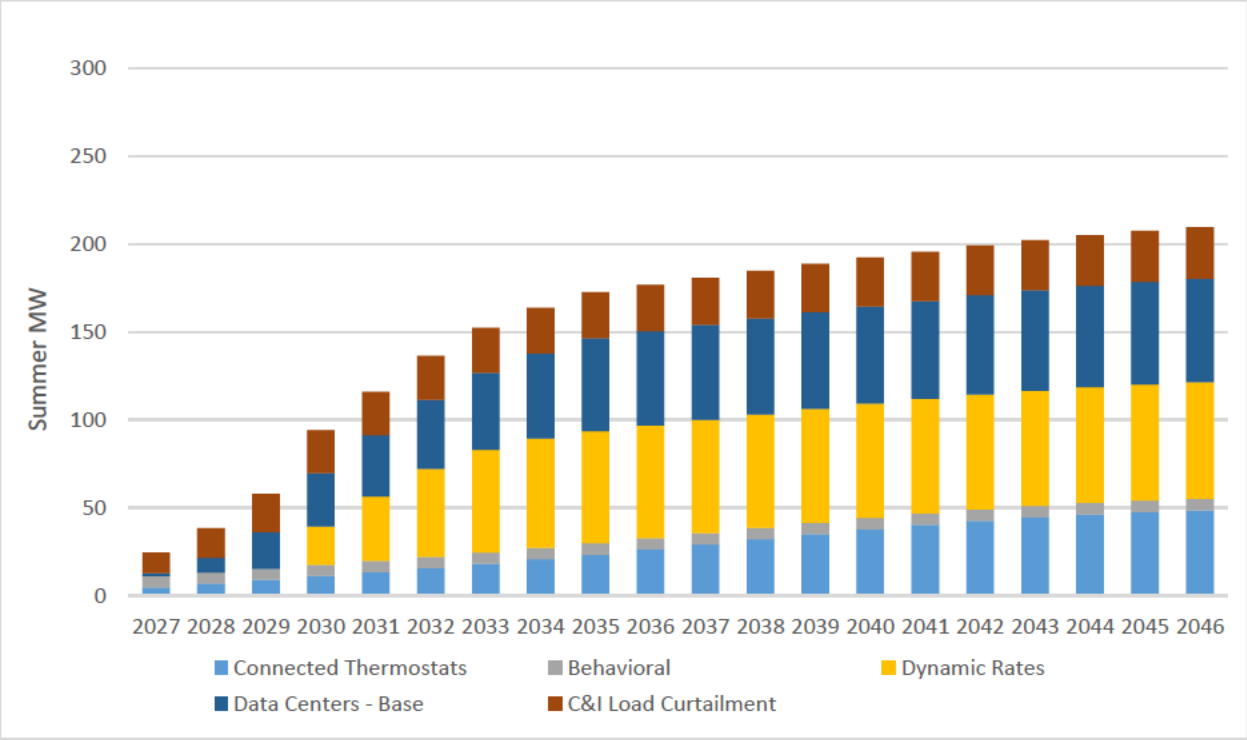


Figure 5-2: Realistic Achievable DR Potential by Program



5.3 Future Resource Options

5.3.1 Energy Efficiency Bundles

For the DSM base case of the IRP analysis, NIPSCO used the realistic achievable potential identified in the MPS as the starting point for developing energy efficiency bundles to be modeled in Aurora.[129] Based on coordination between NIPSCO and the NIPSCO OSB, the GDS Team also developed an Enhanced RAP scenario, which attempted to optimize the cost-effectiveness of the RAP scenario by adjusting incentive levels in certain cases. For both the RAP and Enhanced RAP scenarios, the GDS Team allocated all C&I measures into a single bundle but segmented the residential sector savings into high-cost measures (Tier 2) and low-/mid-cost measures (Tier 1). In addition, the residential sector was further sub-divided into three more bundles, one for behavior measures, due to the unique nature of these types of measures, which have a one-year useful life and have recurring annual costs, and two for income-qualified measures. The first income-qualified bundle (IQW) correlates to measures traditionally offered by NIPSCO, and the second (IQ HEAR) captures savings associated with measures installed by income-qualified customers as a result of participating in federally funded programs associated with the Inflation Reduction Act.[130] The IQW bundle has 10% of the IQ HEAR measure savings and costs allocated toward it,

[129] The realistic achievable potential was selected as the "base case" for purposes of IRP modeling based on the overall cost-effectiveness relative to the maximum achievable potential.

[130] The Inflation Reduction Act established the Home Electrification and Appliance Rebate (HEAR) program, which provides rebates and credits for a variety of measures, including weatherization, HVAC equipment, and heat pump water heaters.

to account for the possibility that NIPSCO will expand its IQW programs in the future to capture some of these savings opportunities. The GDS Team provided the energy efficiency IRP inputs across three different vintage bundles: 2027-2029, 2030-2032, and 2033-2046 to better optimize the value of energy efficiency to the system over different time periods.

In addition, two adjustments to the MPS's realistic achievable energy efficiency potential were necessary, prior to inclusion in the IRP. The first adjustment converted the energy efficiency potential from gross savings to net savings. It is appropriate to model net energy efficiency impacts to remove MWh and MW impacts that would have occurred in the absence of NIPSCO's programs. Net savings were calculated by applying NIPSCO's most current program evaluation results and NTG ratios to the MPS estimates of gross realistic achievable savings.

The second adjustment was to provide the achievable potential savings at the generator level. The MPS savings are reported at the meter level. Sector savings were adjusted based on the LLFs noted above, to convert savings from the meter level up to the generator level.

The energy efficiency impacts provided to NIPSCO for IRP modeling, by vintage block, are shown in Table 5-15 through Table 5-17 below, for the RAP scenarios, and Table 5-18 through 5-20, for the Enhanced RAP scenario.[131] The EE MWh impacts for each vintage block provide the cumulative annual lifetime savings. Conversely, because EE program costs are only incurred during the year of measure installation, budgets are only reflected during the identified years in each vintage block. The costs were adjusted to represent program costs minus the NPV of the lifetime avoided T&D benefits from the programs.

In addition to the annual impacts shown in these tables, hourly (or 8,760) shapes that reflect the various measures and end-uses reflected in the achievable potential were provided to NIPSCO to permit the IRP model to assess the value of energy savings on an hourly basis. The 8,760 shapes are unique for each EE sector and vintage bundle.

[131] MW represents the summer impact.

Table 5-15: 2027-2029 Energy Efficiency Base Case Bundles – RAP

	Residential - Low/Medium		Residential - High		Residential - Behavior		C&I		IQW		IQ HEAR	
Year	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget
2027	16,362	$3,419,923	2,450	$2,013,267	29,307	$1,669,981	63,372	$7,859,797	1,188	$978,984	977	$860,890
2028	35,071	$3,997,693	5,584	$2,497,028	30,179	$1,757,633	124,647	$7,843,644	2,369	$1,002,121	2,157	$1,048,576
2029	54,055	$4,243,790	8,812	$2,725,808	30,855	$1,836,729	182,724	$7,729,304	3,557	$1,024,847	3,542	$1,240,538
2030	53,571		7,869				177,249		3,527		3,542	
2031	52,524		7,163				170,783		3,527		3,542	
2032	51,994		6,803				162,913		3,514		3,542	
2033	50,254		6,648				159,983		3,500		3,542	
2034	43,721		6,404				155,407		3,487		3,542	
2035	37,338		6,304				152,992		3,487		3,542	
2036	32,269		6,184				148,855		3,487		3,542	
2037	29,166		5,993				135,308		3,452		3,542	
2038	25,539		5,650				120,597		3,417		3,542	
2039	22,327		5,201				106,545		3,382		3,542	
2040	20,981		5,051				102,776		3,382		3,542	
2041	20,482		4,958				101,006		3,382		3,542	
2042	19,951		4,758				65,938		3,339		3,489	
2043	18,399		4,355				33,308		3,180		2,498	
2044	16,629		3,911				3,430		2,998		1,303	
2045	15,427		3,727				3,298		2,845		28	
2046	15,427		3,346				3,298		2,845		28	
2047	13,053		2,366				2,941		2,007		28	
2048	10,208		1,161				2,529		1,172		28	
2049	7,247		240				2,065		342		28	

	Residential - Low/Medium		Residential - High		Residential - Behavior		C&I		IQW		IQ HEAR	
Year	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget
2050	7,055		161				2,046		342		28	
2051	6,904		86				2,021		342		28	
2052	6,325		17				1,979		341		20	
2053	5,657		17				1,966		340		11	
2054	4,909		17				1,951		339			
2055	4,909		17				1,947		339			
2056	4,909		17				1,945		339			
2057	3,745		13				1,221		225			
2058	1,980		7				565		112			

Table 5-16: 2030-2032 Energy Efficiency Base Case Bundles – RAP

	Residential - Low/Medium		Residential - High		Residential - Behavior		C&I		IQW		IQ HEAR	
Year	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget
2030	19,772	$4,164,551	4,370	$3,089,242	31,375	$1,908,955	58,956	$7,898,094	1,235	$1,048,799	1,586	$1,433,374
2031	40,246	$4,366,344	8,768	$3,312,755	31,468	$1,956,740	114,619	$7,555,035	2,462	$1,072,188	3,361	$1,620,830
2032	61,975	$4,818,094	13,314	$3,769,135	31,556	$2,005,334	167,844	$7,753,039	3,702	$1,094,603	5,310	$1,798,357
2033	61,249		11,212				156,804		3,677		5,310	
2034	59,878		9,928				145,470		3,677		5,310	
2035	59,348		9,251				133,955		3,663		5,310	
2036	57,462		9,061				130,873		3,650		5,310	
2037	52,176		8,671				124,151		3,637		5,310	
2038	47,250		8,487				121,756		3,637		5,310	
2039	42,840		8,284				117,492		3,637		5,310	

	Residential - Low/Medium		Residential - High		Residential - Behavior		C&I		IQW		IQ HEAR	
Year	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget
2040	39,590		7,944				105,266		3,602		5,310	
2041	35,437		7,472				92,026		3,567		5,310	
2042	32,070		6,828				81,055		3,532		5,310	
2043	30,178		6,646				77,795		3,532		5,310	
2044	29,437		6,534				76,627		3,532		5,310	
2045	28,176		6,153				49,658		3,480		5,180	
2046	25,188		5,542				25,567		3,252		3,570	
2047	21,905		4,857				3,167		3,003		1,765	
2048	19,894		4,594				3,021		2,799		36	
2049	19,894		4,183				3,021		2,799		36	
2050	16,953		2,823				2,511		1,974		36	
2051	13,943		1,500				1,960		1,153		36	
2052	10,654		205				1,369		337		36	
2053	10,461		142				1,328		337		36	
2054	10,340		82				1,276		337		36	
2055	9,422		25				1,197		336		25	
2056	8,532		25				1,177		335		13	
2057	7,425		25				1,154		333			
2058	7,425		25				1,146		333			
2059	7,425		25				1,142		333			
2060	5,293		18				669		221			
2061	2,932		10				291		110			

Table 5-17: 2033-2046 Energy Efficiency Base Case Bundles – RAP

	Residential - Low/Medium		Residential - High		Residential - Behavior		C&I		IQW		IQ HEAR	
Year	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget
2033	25,337	$5,703,875	7,195	$4,598,831	31,636	$2,054,631	58,890	$8,515,863	1,276	$1,115,749	2,102	$1,963,013
2034	58,815	$7,548,044	14,258	$5,178,993	31,729	$2,106,106	116,719	$8,690,559	2,535	$1,135,403	4,339	$2,112,945
2035	93,473	$8,107,835	20,996	$5,606,652	31,823	$2,158,974	170,172	$8,647,683	3,800	$1,153,441	6,688	$2,246,954
2036	129,121	$8,473,335	27,527	$6,141,943	31,917	$2,213,208	213,572	$8,966,885	5,069	$1,169,784	9,131	$2,364,313
2037	167,230	$8,988,161	34,324	$6,473,824	32,011	$2,268,764	267,182	$10,728,527	6,337	$1,184,423	11,649	$2,465,086
2038	205,591	$9,360,616	40,874	$6,614,348	32,105	$2,325,648	314,251	$10,260,650	7,591	$1,197,464	14,226	$2,550,047
2039	242,397	$9,599,470	47,113	$6,751,402	32,200	$2,384,042	359,084	$10,471,723	8,840	$1,206,911	16,827	$2,601,547
2040	275,017	$9,596,845	52,734	$6,598,125	32,295	$2,443,803	398,734	$9,737,190	10,082	$1,215,646	19,446	$2,645,775
2041	306,575	$10,767,833	57,909	$6,369,654	32,390	$2,504,969	435,324	$9,483,427	11,318	$1,223,793	22,080	$2,683,582
2042	336,259	$10,830,681	62,823	$6,549,695	32,486	$2,567,694	494,814	$13,512,061	12,545	$1,230,332	24,724	$2,716,062
2043	363,647	$10,809,438	66,862	$6,426,694	32,582	$2,632,027	542,194	$12,708,462	13,730	$1,237,440	27,375	$2,744,318
2044	388,456	$10,671,654	70,375	$6,193,093	32,678	$2,697,948	582,919	$11,720,972	14,910	$1,244,243	30,030	$2,769,354
2045	411,467	$10,585,530	73,454	$6,262,606	32,774	$2,765,419	618,172	$11,392,845	16,084	$1,249,937	32,684	$2,784,297
2046	433,531	$10,410,533	76,565	$6,435,549	32,871	$2,834,554	648,599	$10,319,709	17,252	$1,255,696	35,335	$2,799,568
2047	415,177		65,444				603,179		17,179		35,335	
2048	390,026		57,930				532,620		17,065		35,082	
2049	364,554		52,881				469,227		16,730		32,945	
2050	339,648		49,838				419,664		16,381		30,676	
2051	314,845		46,675				374,423		16,019		28,297	
2052	290,383		43,685				335,119		15,662		25,830	
2053	262,820		39,204				297,174		14,485		23,294	

	Residential - Low/Medium		Residential - High		Residential - Behavior		C&I		IQW		IQ HEAR	
Year	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget
2054	239,478		34,873				264,221		13,309		20,706	
2055	216,692		30,424				233,535		12,137		18,099	
2056	195,659		25,908				207,431		10,969		15,478	
2057	176,610		22,119				158,034		9,844		12,847	
2058	157,613		18,553				113,797		8,723		10,196	
2059	138,289		15,217				73,880		7,609		7,540	
2060	118,711		12,113				38,808		6,503		4,886	
2061	99,845		9,283				7,753		5,404		2,235	
2062	89,307		7,602				6,198		4,409		127	
2063	79,168		6,329				4,644		3,555		113	
2064	68,470		5,136				3,233		2,707		99	
2065	57,690		3,792				1,950		1,865		85	
2066	46,772		2,834				810		1,029		70	
2067	38,235		2,192				611		921		56	
2068	30,266		1,554				412		814		42	
2069	22,927		948				214		708		28	
2070	16,511		459				153		603		14	
2071	10,954		39				92		499			
2072	8,050		29						398			
2073	5,575		20						297			
2074	3,455		12						197			
2075	1,618		6						98			

Table 5-18: 2027-2029 Energy Efficiency Base Case Bundles – Enhanced RAP

	Residential - Low/Medium		Residential - High		Residential - Behavior		C&I		IQW		IQ HEAR	
Year	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget
2027	19,868	$5,788,648	2,291	$1,394,054	29,307	$1,669,981	65,417	$12,092,901	1,187	$979,095	977	$860,891
2028	42,897	$6,632,135	4,997	$1,614,881	30,179	$1,757,633	129,111	$12,084,214	2,391	$1,002,291	2,157	$1,048,578
2029	66,471	$6,929,202	7,756	$1,755,827	30,855	$1,836,729	189,592	$11,761,999	3,606	$1,025,072	3,541	$1,240,542
2030	65,866		6,928				184,009		3,526		3,541	
2031	65,104		5,685				177,406		3,520		3,541	
2032	64,893		4,791				169,415		3,507		3,541	
2033	62,862		3,926				166,540		3,494		3,541	
2034	55,366		3,807				162,011		3,480		3,541	
2035	48,039		3,715				159,592		3,480		3,541	
2036	42,722		3,599				155,401		3,480		3,541	
2037	39,239		3,374				141,512		3,445		3,541	
2038	35,213		2,990				126,320		3,410		3,541	
2039	32,093		2,334				111,791		3,375		3,541	
2040	30,934		2,013				107,736		3,375		3,541	
2041	30,584		1,722				105,946		3,375		3,541	
2042	29,905		1,645				69,332		3,332		3,488	
2043	27,832		1,449				35,077		3,173		2,497	
2044	25,444		1,215				3,800		2,991		1,303	
2045	23,705		1,090				3,668		2,838		28	
2046	23,537		1,055				3,668		2,838		28	
2047	19,069		765				3,309		2,001		28	
2048	13,827		510				2,889		1,168		28	
2049	8,603		264				2,412		341		28	

	Residential - Low/Medium		Residential - High		Residential - Behavior		C&I		IQW		IQ HEAR	
Year	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget
2050	8,412		186				2,394		341		28	
2051	8,260		110				2,369		341		28	
2052	7,544		41				2,328		340		20	
2053	6,670		41				2,315		339		11	
2054	5,695		41				2,299		338			
2055	5,695		41				2,296		338			
2056	5,695		41				2,294		338			
2057	4,339		31				1,522		225			
2058	2,291		16				743		112			

Table 5-19: 2030-2032 Energy Efficiency Base Case Bundles – Enhanced RAP

	Residential - Low/Medium		Residential - High		Residential - Behavior		C&I		IQW		IQ HEAR	
Year	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget
2030	24,625	$7,081,671	3,714	$1,955,144	31,375	$1,908,955	61,459	$ 11,615,088	1,310	$1,049,135	1,585	$1,433,381
2031	50,206	$7,261,766	7,265	$2,070,751	31,468	$1,956,740	120,091	$ 11,188,912	2,560	$1,072,614	3,358	$1,620,841
2032	77,550	$7,756,698	10,608	$2,247,118	31,556	$2,005,334	176,061	$ 10,983,642	3,830	$1,094,913	5,305	$1,798,373
2033	76,461		8,804				164,749		3,675		5,305	
2034	75,199		7,065				153,120		3,670		5,305	
2035	74,745		6,107				141,356		3,656		5,305	
2036	72,326		5,349				138,337		3,643		5,305	
2037	66,049		5,106				131,697		3,616		5,305	
2038	60,287		4,936				129,297		3,616		5,305	
2039	55,469		4,739				124,958		3,616		5,305	

	Residential - Low/Medium		Residential - High		Residential - Behavior		C&I		IQW		IQ HEAR	
Year	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget
2040	51,725		4,345				112,371		3,581		5,305	
2041	47,026		3,837				98,330		3,546		5,305	
2042	43,737		2,946				86,720		3,512		5,305	
2043	42,066		2,590				82,934		3,512		5,305	
2044	41,481		2,287				81,656		3,512		5,305	
2045	40,034		2,054				53,321		3,460		5,176	
2046	36,200		1,650				27,699		3,232		3,566	
2047	31,918		1,194				3,859		2,983		1,763	
2048	29,021		999				3,714		2,780		36	
2049	28,853		934				3,714		2,780		36	
2050	23,540		631				3,186		1,959		36	
2051	18,214		426				2,610		1,144		36	
2052	12,610		240				1,991		335		36	
2053	12,418		178				1,950		335		36	
2054	12,297		117				1,898		335		36	
2055	11,136		60				1,820		334		25	
2056	9,980		60				1,799		332		13	
2057	8,541		60				1,775		331			
2058	8,541		60				1,768		331			
2059	8,541		60				1,763		331			
2060	6,082		43				1,081		220			
2061	3,368		24				488		109			

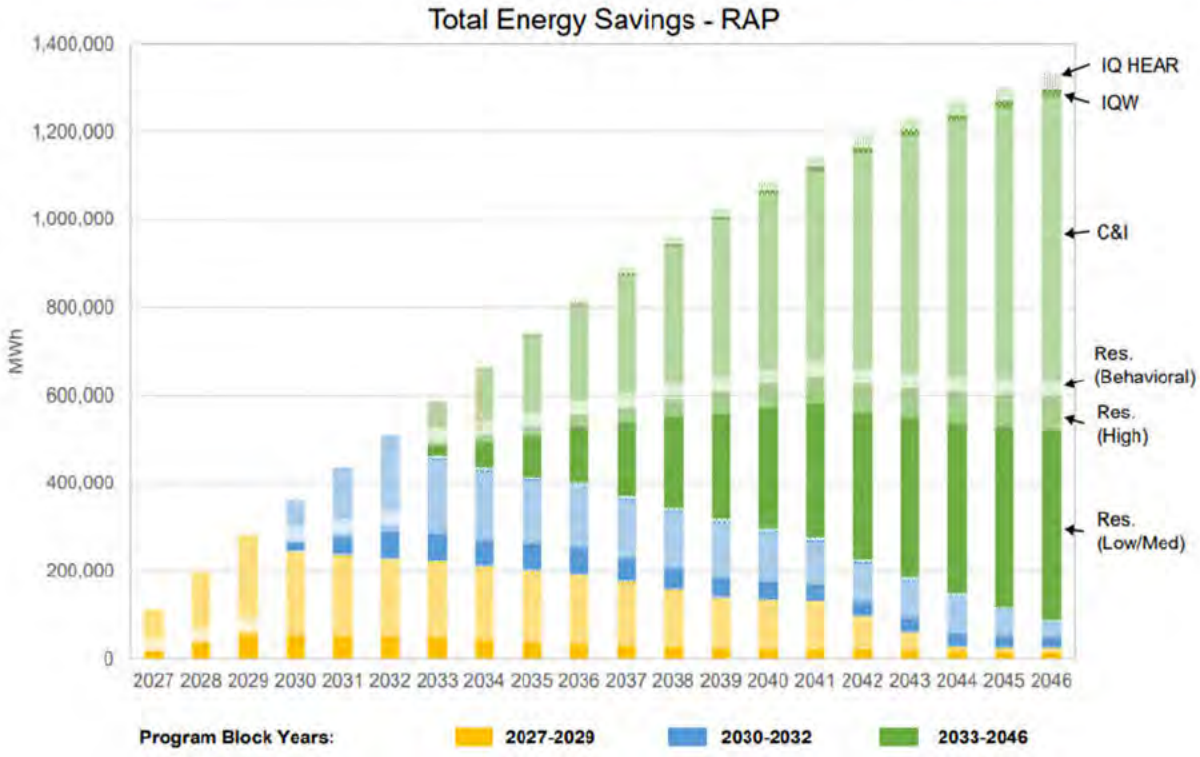
Table 5-20: 2033-2046 Energy Efficiency Base Case Bundles – Enhanced RAP

	Residential - Low/Medium		Residential - High		Residential - Behavior		C&I		IQW		IQ HEAR	
Year	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget
2033	31,676	$8,720,124	5,553	$2,719,282	31,636	$2,054,631	62,987	$11,916,407	1,434	$1,116,181	2,099	$1,963,036
2034	72,023	$10,667,326	10,710	$3,082,800	31,729	$2,106,106	123,728	$11,658,184	2,725	$1,135,984	4,332	$2,112,977
2035	113,737	$11,296,524	15,446	$3,372,699	31,823	$2,158,974	179,974	$11,440,014	4,015	$1,154,201	6,676	$2,246,997
2036	156,326	$11,794,105	20,375	$3,756,617	31,917	$2,213,208	225,924	$11,591,134	5,305	$1,170,750	9,112	$2,364,368
2037	201,697	$12,366,923	25,184	$4,219,260	32,011	$2,268,764	282,598	$12,975,460	6,642	$1,182,602	11,622	$2,465,154
2038	246,613	$12,453,276	30,302	$4,559,573	32,105	$2,325,648	333,163	$12,514,244	7,948	$1,195,832	14,190	$2,550,128
2039	288,538	$12,661,045	35,785	$4,999,291	32,200	$2,384,042	381,184	$12,157,896	9,246	$1,205,486	16,781	$2,601,641
2040	325,506	$12,548,387	41,241	$5,229,868	32,295	$2,443,803	424,082	$11,433,519	10,535	$1,214,431	19,390	$2,645,880
2041	360,714	$13,676,630	47,002	$5,500,003	32,390	$2,504,969	463,991	$11,176,659	11,816	$1,222,798	22,012	$2,683,698
2042	392,802	$13,768,017	53,275	$6,066,473	32,486	$2,567,694	527,745	$12,902,636	13,123	$1,227,448	24,643	$2,716,188
2043	421,926	$13,777,318	59,202	$6,373,409	32,582	$2,632,027	579,064	$12,459,673	14,398	$1,234,713	27,281	$2,744,453
2044	447,878	$13,546,326	65,259	$6,578,958	32,678	$2,697,948	622,782	$11,747,953	15,665	$1,241,667	29,923	$2,769,497
2045	471,701	$13,509,422	71,100	$6,889,287	32,774	$2,765,419	660,601	$11,531,846	16,924	$1,247,490	32,562	$2,784,447
2046	494,467	$13,399,619	76,958	$6,984,706	32,871	$2,834,554	693,475	$10,801,640	18,175	$1,253,360	35,199	$2,799,724
2047	472,474		67,682				646,759		17,549		35,199	
2048	443,384		62,233				572,187		17,355		34,946	
2049	413,677		59,104				506,012		16,946		32,813	
2050	386,423		55,945				453,852		16,522		30,548	
2051	359,319		52,453				405,822		16,086		28,174	
2052	332,604		48,962				363,565		15,694		25,714	
2053	300,705		44,961				322,348		14,492		23,186	

	Residential - Low/Medium		Residential - High		Residential - Behavior		C&I		IQW		IQ HEAR	
Year	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget	MWh	Budget
2054	273,056		40,939				286,108		13,292		20,607	
2055	246,108		36,544				252,294		12,097		18,010	
2056	221,903		31,741				223,218		10,910		15,400	
2057	200,578		27,191				169,958		9,764		12,782	
2058	179,524		22,243				122,361		8,625		10,143	
2059	158,232		17,112				79,587		7,483		7,501	
2060	137,053		11,723				42,175		6,351		4,860	
2061	116,955		6,180				8,760		5,229		2,222	
2062	102,540		5,445				7,155		4,250		126	
2063	89,784		4,815				5,379		3,424		112	
2064	76,593		4,119				3,778		2,607		98	
2065	63,346		3,507				2,333		1,797		84	
2066	50,276		2,851				1,021		996		70	
2067	40,937		2,207				689		890		56	
2068	32,280		1,569				426		785		42	
2069	24,379		966				221		682		28	
2070	17,522		482				158		580		14	
2071	11,634		68				96		479			
2072	8,485		48						382			
2073	5,831		32						285			
2074	3,587		19						189			
2075	1,668		9						94			

The DSM bundles were incorporated into the IRP as eligible resources in the portfolio optimization analysis and through additional portfolio evaluation discussed later in this report. The DSM bundling approach allows for a representation of potential program duration over time, with differentiation across customer type and costs. Figure 5-3 provides an illustration of the annual expected MWh savings for each energy efficiency bundle under RAP assumptions, along with a summary of the levelized costs. Figure 5-4 provides an illustration of the peak demand savings for each bundle. As shown, the expected savings during the summer peak period for the energy efficiency bundles are considerably greater than those during the winter.

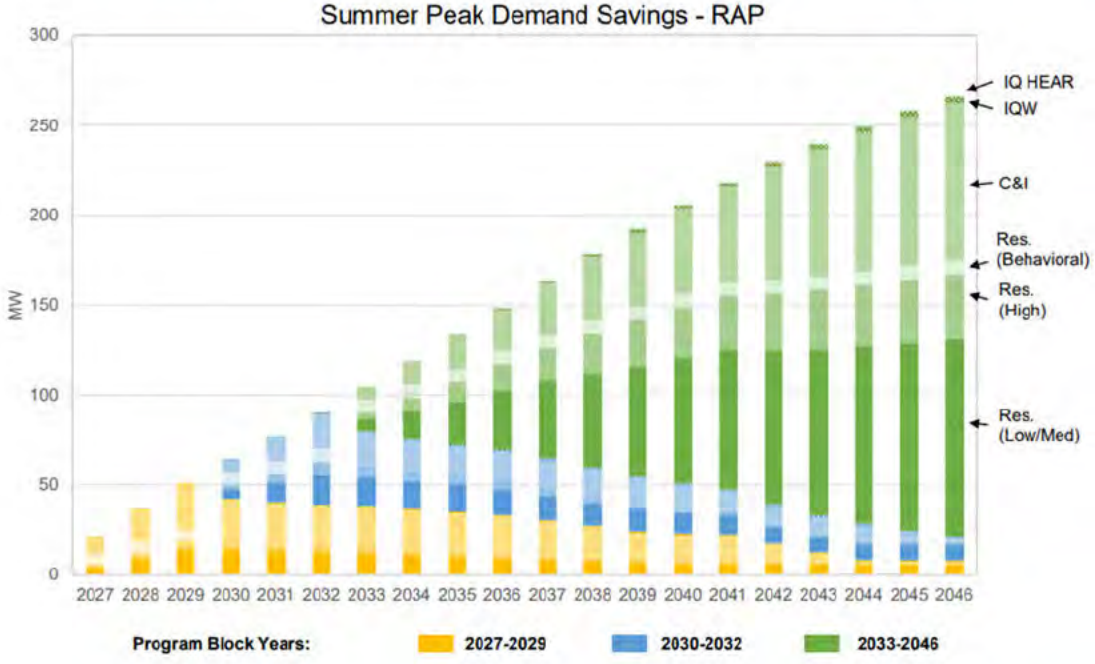
Figure 5-3: Energy Efficiency MWh Savings Bundle Illustration - RAP

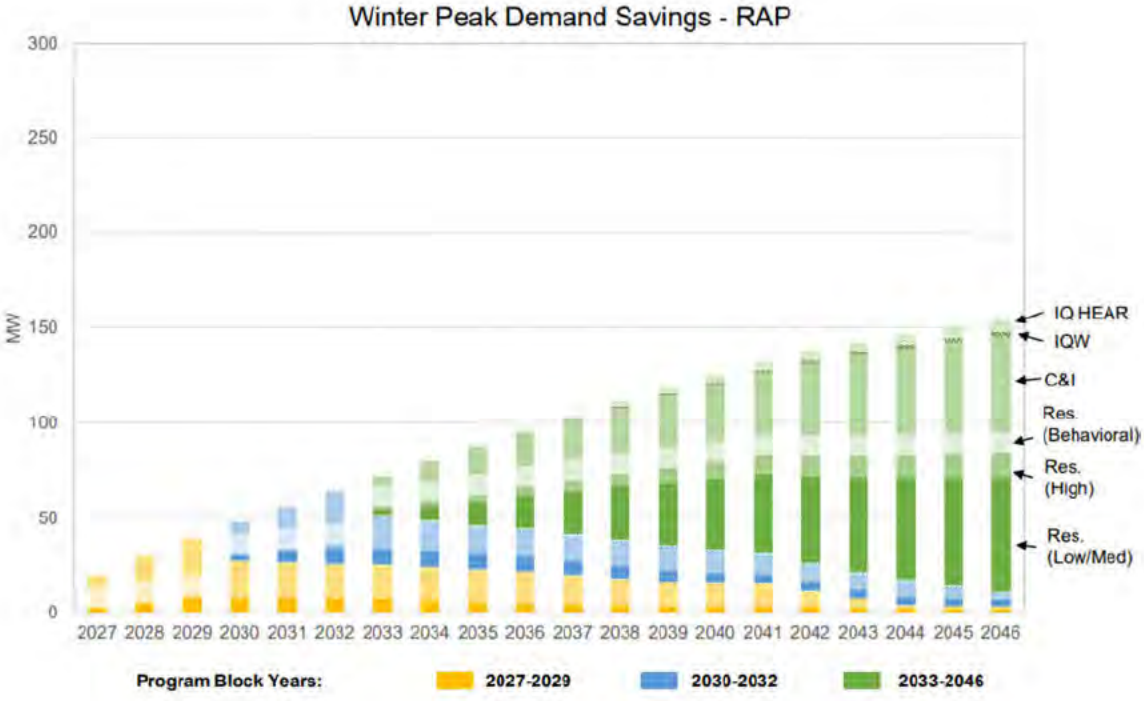


Bundle	Lifetime Levelized Cost ($/MWh) 2027-2029	2030-2032	2033-2046
IQ HEAR*	89.09	91.67	99.93
IQW*	77.50	80.02	87.62
C&I	15.81	18.69	22.35
Res. (Behavioral)	58.21	62.13	73.39
Res. (High)	101.51	102.34	106.77
Res. (Low/Med)	26.56	24.95	27.84

**The HEAR bundle is for savings associated with measures allocated towards income qualified customers but which would be offered through a program tied to federal funding rather than a NIPSCO-funded program. The IQ HEAR and IQW savings are "hardcoded" into the IRP modeling.*

Figure 5-4: Energy Efficiency Peak MW Savings Bundle Illustration - RAP





5.3.2 DR Programs

In IRP modeling, NIPSCO considered DR alongside other supply resources to supply capacity and energy needs. To facilitate this effort, the GDS Team provided NIPSCO with annual program potential and costs for the RAP and MAP scenarios for eight program sub-segments. Each DR program type was modeled separately with its own seasonal MW potential and annual cost profile. Avoided transmission and distribution capacity benefits were treated as a reduction in annual DR program cost. The new data center load is assumed to be transmission-connected, so it does not receive the avoided cost of distribution capacity under either avoided cost scenario.

Consistent with the EE IRP inputs, the GDS Team rescreened the demand response program cost-effectiveness under an alternate avoided cost scenario, which assumed a lower cost for avoided generation and a higher cost of transmission and distribution capacity than used in the MPS. This alternate case is meant to reflect the cost of a CT as the proxy unit, instead of a CCGT unit, as in the base case. Under the alternate avoided cost scenario, EV Managed Charging had a UCT ratio greater than 1.0 for both RAP and MAP and the Connected Thermostat MAP scenario passed cost-effectiveness screening. For the C&I Load Curtailment program, the incentive levels, and therefore the enrollment rates, were increased to reflect the higher avoided costs. The result is an increase in the total demand response potential as well as in the overall program costs per kW of capacity.

Table 5-21 provides the DR inputs used in the IRP modeling based on the RAP scenario in the summer season. Table 5-22: shows the MAP program options for the summer season.

Aggregate DR potential is highest in the summer season and lowest in the spring season, largely due to the variation in available loads and the expected timing of system constraints.

Table 5-21: DR Program Options – Summer Potential – RAP

	RAP															
	Connected Thermostats		Water Heaters		Behavioral		Dynamic Rates		EV Managed Charging		Behind the Meter Storage		Data Centers - Base		C&I	
Year	DR MW Season Peak Impact (Cumulative)	Annual Program Costs (Nom $/kW-yr)	DR MW Season Peak Impact (Cumulative)	Annual Program Costs (Nom $/kW-yr)	DR MW Season Peak Impact (Cumulative)	Annual Program Costs (Nom $/kW-yr)	DR MW Season Peak Impact (Cumulative)	Annual Program Costs (Nom $/kW-yr)	DR MW Season Peak Impact (Cumulative)	Annual Program Costs (Nom $/kW-yr)	DR MW Season Peak Impact (Cumulative)	Annual Program Costs (Nom $/kW-yr)	DR MW Season Peak Impact (Cumulative)	Annual Program Costs (Nom $/kW-yr)	DR MW Season Peak Impact (Cumulative)	Annual Program Costs (Nom $/kW-yr)
2027	4.85	$242.36	2.30	$1,058.80	6.30	$86.55			0.74	$760.97	0.37	$1,993.83	1.87	$90.41	11.75	$80.29
2028	6.98	$136.34	2.19	$180.55	6.33	$65.01			1.02	$325.62	0.40	$481.28	8.46	$89.71	16.68	$81.13
2029	9.15	$130.41	2.09	$187.37	6.35	$67.34			1.39	$311.72	0.45	$506.15	20.80	$91.58	21.75	$82.91
2030	11.34	$128.03	1.98	$196.59	6.37	$69.75	21.73	$246.81	1.89	$303.02	0.50	$496.21	30.40	$93.87	24.40	$85.49
2031	13.56	$127.61	1.88	$206.84	6.39	$72.23	36.64	$146.23	2.55	$304.79	0.56	$496.38	34.75	$97.44	24.70	$88.48
2032	15.85	$128.57	1.78	$218.53	6.41	$74.79	50.00	$130.66	3.37	$305.58	0.63	$482.47	39.18	$100.99	25.12	$89.59
2033	18.26	$130.41	1.67	$232.03	6.42	$77.45	58.46	$117.82	4.32	$306.19	0.67	$446.27	43.68	$104.57	25.54	$92.50
2034	20.81	$132.85	1.58	$247.85	6.44	$80.20	62.33	$110.15	5.35	$305.95	0.71	$426.09	48.25	$108.16	25.87	$95.42
2035	23.50	$135.72	1.47	$266.68	6.46	$83.06	63.68	$108.06	6.38	$305.76	0.72	$312.37	52.88	$111.75	26.13	$98.35
2036	26.33	$138.84	1.37	$289.23	6.48	$86.02	64.12	$109.81	7.32	$305.01	0.71	$314.71	53.46	$115.36	26.38	$101.26
2037	29.24	$142.14	1.27	$316.41	6.50	$89.08	64.35	$113.19	8.10	$305.47	0.71	$327.15	53.98	$118.96	26.83	$106.34
2038	32.18	$145.60	1.17	$349.23	6.52	$92.23	64.54	$117.11	8.71	$309.07	0.70	$335.49	54.45	$122.56	27.16	$109.41
2039	35.06	$149.18	1.07	$389.10	6.54	$95.49	64.73	$121.24	9.13	$314.19	0.70	$359.19	54.88	$126.17	27.47	$113.48
2040	37.81	$152.86	0.97	$437.70	6.56	$98.86	64.92	$125.52	9.36	$321.72	0.71	$376.62	55.26	$129.77	27.77	$117.51
2041	40.35	$156.69	0.87	$497.38	6.58	$102.33	65.11	$129.92	9.74	$319.40	0.72	$398.68	55.58	$133.38	28.03	$121.53
2042	42.62	$160.72	0.77	$573.99	6.59	$105.91	65.31	$134.48	9.98	$318.26	0.72	$398.28	56.35	$138.18	28.29	$125.53
2043	44.60	$164.98	0.68	$666.58	6.61	$109.63	65.50	$139.20	10.08	$318.24	0.73	$416.73	57.07	$142.98	28.51	$129.52
2044	46.26	$169.46	0.59	$781.26	6.63	$113.46	65.71	$144.14	10.06	$319.21	0.74	$434.91	57.74	$147.79	28.70	$133.50
2045	47.61	$174.22	0.51	$921.58	6.65	$117.41	65.93	$149.17	9.94	$321.39	0.74	$434.53	58.33	$152.59	29.06	$138.63
2046	48.66	$179.23	0.44	$1,098.79	6.67	$121.49	66.15	$154.36	9.87	$336.80	0.75	$448.97	58.86	$157.39	29.42	$143.73

Table 5-22: DR Program Options – Summer Potential - MAP

MAP														
Connected Thermostats		Water Heaters		Behavioral		Dynamic Rates		EV Managed Charging		Behind the Meter Storage		Data Centers - Base		C&I	
DR MW Season Peak Impact (Cumulative)	Annual Program Costs (Nom $/kW-yr)	DR MW Season Peak Impact (Cumulative)	Annual Program Costs (Nom $/kW-yr)	DR MW Season Peak Impact (Cumulative)	Annual Program Costs (Nom $/kW-yr)	DR MW Season Peak Impact (Cumulative)	Annual Program Costs (Nom $/kW-yr)	DR MW Season Peak Impact (Cumulative)	Annual Program Costs (Nom $/kW-yr)	DR MW Season Peak Impact (Cumulative)	Annual Program Costs (Nom $/kW-yr)	DR MW Season Peak Impact (Cumulative)	Annual Program Costs (Nom $/kW-yr)	DR MW Season Peak Impact (Cumulative)	Annual Program Costs (Nom $/kW-yr)
7.29	$427.69	4.61	$924.71	11.21	$78.76			1.31	$308.62	0.75	$2,926.77	2.98	$140.51	20.04	$149.05
11.40	$260.06	4.38	$216.14	11.25	$67.73			1.80	$212.14	0.81	$552.33	13.61	$143.37	28.43	$153.17
15.28	$241.25	4.16	$224.55	11.29	$70.17			2.48	$214.79	0.91	$609.55	33.67	$147.84	37.05	$157.84
18.95	$233.27	3.95	$234.78	11.32	$72.69	27.73	$657.92	3.36	$219.55	1.01	$618.03	49.50	$152.57	41.54	$162.97
22.43	$230.57	3.74	$246.27	11.36	$75.29	46.76	$280.98	4.53	$228.61	1.13	$645.13	56.21	$157.35	42.02	$168.33
25.84	$231.45	3.53	$259.51	11.39	$77.97	63.79	$201.19	5.98	$238.75	1.26	$652.66	62.97	$162.12	42.70	$172.57
29.24	$234.49	3.31	$275.02	11.42	$80.75	74.59	$129.87	7.68	$250.03	1.35	$573.98	69.79	$166.91	43.40	$177.87
32.70	$238.94	3.10	$293.51	11.45	$83.63	79.53	$80.53	9.51	$262.35	1.43	$555.16	76.66	$171.70	44.18	$184.36
36.24	$244.21	2.88	$315.98	11.48	$86.62	81.25	$56.01	11.35	$275.85	1.44	$316.34	84.16	$177.70	44.83	$190.86
39.85	$249.89	2.66	$343.49	11.52	$89.71	81.81	$48.42	13.01	$290.49	1.43	$300.26	85.20	$183.70	45.46	$197.35
43.44	$255.68	2.44	$377.56	11.55	$92.91	82.10	$47.95	14.40	$306.58	1.42	$313.23	86.15	$189.70	46.03	$203.81
46.97	$261.60	2.21	$420.01	11.59	$96.21	82.35	$49.44	15.48	$324.54	1.41	$326.68	87.01	$195.70	46.39	$210.27
50.31	$267.41	1.98	$473.50	11.62	$99.63	82.59	$51.35	16.23	$344.23	1.42	$356.82	87.81	$201.70	46.97	$217.91
53.34	$273.15	1.76	$541.68	11.66	$103.15	82.84	$53.36	16.65	$365.92	1.43	$387.24	88.51	$207.71	47.51	$225.52
55.98	$278.94	1.53	$630.16	11.69	$106.78	83.08	$55.43	17.31	$375.89	1.45	$411.88	89.62	$214.91	47.99	$233.10
58.18	$284.93	1.31	$751.74	11.72	$110.54	83.33	$57.58	17.73	$386.43	1.45	$400.96	90.65	$222.11	48.46	$240.68
59.89	$291.24	1.09	$912.88	11.76	$114.43	83.57	$59.81	17.92	$397.52	1.46	$434.95	91.60	$229.31	48.87	$248.24
61.14	$297.95	0.89	$1,136.24	11.79	$118.44	83.85	$62.40	17.88	$409.16	1.48	$455.99	92.47	$236.52	49.42	$256.97
61.93	$305.03	0.71	$1,452.68	11.83	$122.58	84.12	$64.78	17.67	$421.38	1.49	$457.27	93.23	$243.72	49.93	$265.68
62.30	$312.66	0.54	$1,936.68	11.86	$126.86	84.40	$67.24	17.55	$436.11	1.50	$473.50	94.36	$252.12	50.43	$274.36

The IRP team converted the annual program cost estimate and cumulative DR potential, by season, into a levelized cost by DR program option. The DR programs were then allowed to compete in the broader resource selection process.

5.4 Consistency between IRP and Energy Efficiency Plans

The DSM Statute, which became law on May 6, 2015, requires, among other things, that a utility's EE goals are (1) reasonably achievable; (2) consistent with the utility's IRP, and (3) designed to achieve an optimal balance of energy resources in the utility's service territory. A utility was required to petition the Commission for approval of an energy efficiency plan under the DSM Statute beginning not later than calendar year 2017, and not less than once every three years thereafter.

To remain consistent with the requirements of the DSM Statute, NIPSCO carried out a lengthy analysis of the DSM resources included in its IRP process. As noted above, NIPSCO completed a Market Potential Study in 2024 to determine the achievable amount of savings (*see* Appendix B). NIPSCO, through the MPS process discussed above, conducted an in-depth review of the amount of savings that would be achievable in its service territory with its current customer base. Following that in-depth review process, and as outlined above, NIPSCO incorporated energy efficiency and demand response bundles into the model for selection as resources. NIPSCO allowed the EE and DR, broadly referred to as DSM resources, to be selected across all portfolio concepts that were evaluated in the portfolio analysis phase (*see* Section 9).

In accordance with the DSM Statute, NIPSCO intends to request approval in 2025 of an EE and DR plan, for implementation in 2027, that includes:

- EE and DR goals that are: (1) reasonably achievable; (2) consistent with NIPSCO's 2024 IRP; and (3) designed to achieve an optimal balance of energy resources in its service territory;
- EE and DR programs that are: (1) sponsored by an electricity supplier; and (2) designed to implement EE improvements;
- program budgets;
- program costs that include: (1) direct and indirect costs of EE and DR programs; (2) costs associated with the EM&V of program results; (3) recovery of lost revenues and performance incentives;[132] and
- EM&V procedures that involve an independent EM&V.

NIPSCO intends to develop a DSM Plan, prior to its filing in 2025, based on the EE and DR selected by the IRP model. This may be updated if another MPS has been completed. The

[132] The "direct costs" are those associated with implementing the programs, including any costs associated with program start up, while "indirect costs" are the NIPSCO administrative costs;

DSM Plan will take into account the results of the IRP for implementation and evaluation of the EE and DR plan.

The benefit of a DSM Plan is that it uses various forms of information, including the IRP, to develop the best strategy for an energy efficiency and demand response plan. The DSM Plan will then be used to develop the DSM RFPs. The results of the winning bids will be utilized to develop the filing, with support from the MPS, IRP, and DSM Action Plan. This is the most effective way to ensure NIPSCO has a DSM plan that is based on real-world, achievable results from vendors who are committed to those results. Bidders' responses to the savings identified in NIPSCO's DSM RFP will vary based on the individual bidder's perception of NIPSCO's customer base and their previous experiences within other service territories, etc. This unique process for the development of the DSM RFPs and the creation of the DSM plan allows NIPSCO to compensate for the long lead time between the completion of a market potential study and the actual implementation of a program.

It is important to note that the final program design is determined by the bidder(s) selected by NIPSCO, with consideration of input from its OSB. The selected bidder's(s') predictions of the market into the program design as they determine what may or may not work in the NIPSCO's service territory is important for designing a DSM program. That means that the programs included in the plan typically change. NIPSCO uses the MPS as a feed into the IRP to develop the Action Plan. This Action Plan allows NIPSCO to take into account not just the results of the IRP, but also the experience of NIPSCO and its vendors with a particular program or measure. For example, electric hot water heating has a great deal of potential, but NIPSCO has not found there to be much interest from customers in the program. Knowing this means that NIPSCO will either (a) not structure a large amount of savings around a measure that has historically shown little participation, or (b) need to increase the incentive to increase participation, which may impact the cost effectiveness of the program.

That does not mean that the DSM plan will be without change. Until the programs are administered to the customer base and the firsthand experiences with energy efficiency and demand response occur, informed judgments must be used to establish the initial estimates of program impacts in NIPSCO's service territory. That is the benefit of utilizing an OSB. It provides an ongoing mechanism to adjust to changing market conditions, including codes and standards and new technologies, and to ensure NIPSCO is capturing as much energy efficiency and demand response savings as possible for the amount of funding available.

Section 6. Transmission and Distribution System

Consistent with the principles set out in Section 1, NIPSCO continues to invest in its existing T&D resources to ensure reliable, compliant, flexible, diverse and affordable service to its customers. NIPSCO continually assesses the current physical T&D system resources for necessary improvements and upgrades to meet future customer demand or other changing conditions. As part of this effort, NIPSCO participates in the planning processes at the state, regional, and federal levels to ensure that its customers' interests are fully represented and to coordinate its planning efforts with others. The goals of the planning process include:

- Adequately serve native customer load and maintain continuity of service to customers under various system contingencies;
- Proactively maintain and increase the availability, reliability and efficiency of the electric delivery system; and
- Manage costs while being consistent with the above guidelines

6.1 Transmission System Planning

6.1.1 Transmission System Planning Criteria and Guidelines

NIPSCO Transmission System Planning Criteria requires performance analysis of the transmission system for the outage of various system components including, but not limited to generators, lines, transformers, substation bus sections, substation breakers, and double-circuit tower lines. Adequacy of transmission system performance is measured in terms of NIPSCO planning voltage criteria, facility thermal ratings, fault interrupting capability, voltage stability, and generator rotor angle stability as documented in the NIPSCO 2024 FERC Form 715 Annual Transmission Planning and Evaluation Report filing (Confidential Appendix C). When a violation of one or more of these requirements is identified, Transmission Planning develops mitigations that may consist of operating measures and/or system improvements.

6.1.2 North American Electric Reliability Corporation

NIPSCO is subject to the NERC, which is certified by the FERC to establish and enforce reliability standards for the bulk electric system and whose mission is to ensure the reliability of the North American bulk electric system. NIPSCO is registered with NERC as a Balancing Authority, Distribution Provider, Generator Owner, Generator Operator, Resource Planner, Transmission Owner, Transmission Operator, and Transmission Planner. Together with MISO, in a Coordinated Functional Registration, NIPSCO is registered as a Balancing Authority, Transmission Owner, and Transmission Operator. Each Registered Entity is subject to compliance with applicable NERC standards, and Reliability First Regional Reliability Organization standards approved by FERC. Non-compliance with these standards can result in potential fines or penalties.

6.1.3 Midcontinent Independent System Operator, Inc.

NIPSCO participates in the larger regional transmission reliability planning process through its membership in the MISO, which annually performs a planning analysis of the larger regional transmission system through the MTEP. The MTEP process identifies reliability adequacy on a larger regional basis and ensures that the transmission plans of each member company are compatible with those of other companies. It should be noted that any transmission project driven by local factors that NIPSCO needs to build must be submitted to MISO for its planning review to ensure that there is no harm to other systems in the region. Under certain circumstances, NIPSCO can request expedited review of these projects.

NIPSCO is situated on a very significant boundary (seam) between MISO and PJM. As such, NIPSCO participates in the coordination of transmission planning efforts between MISO and PJM as defined in the MISO-PJM JOA. In addition, MISO may propose transmission system projects or other upgrades that are not reliability based but are economically based targeted at gains in market efficiency including the lowering of delivered energy costs to the end use customer. These projects must pass the criteria specified in MISO's tariff (including a minimum benefit to cost ratio) before approval.

NIPSCO is also an active participant in MISO and PJM's IMEP processes as defined in the MISO-PJM JOA. The IMEP processes focus on evaluating potential transmission projects to lower the overall production cost and lower delivered energy costs to the end use customer for both of the MISO and PJM footprints. These projects must pass the criteria specified in MISO-PJM JOA (including a minimum combined benefit to cost ratio) before approval.

Requests by generation owners to connect new generators to the NIPSCO transmission system, to change the capacity of existing generators connected to the NIPSCO transmission system, or otherwise modify existing generators connected to the NIPSCO transmission system are handled through the MISO Generation Interconnection Process. NIPSCO participates in this effort to review potential impacts on the NIPSCO transmission system and identify improvements or upgrades necessary to accommodate these requests. Requests by generation owners connecting to the PJM transmission system are to be coordinated with NIPSCO by PJM through MISO per the process defined by the MISO-PJM JOA.

Requests by generation owners in the MISO footprint to retire existing generators are handled through the MISO Attachment Y process. NIPSCO participates in this effort to review potential impacts on the NIPSCO transmission system and identify either operating procedures or improvements and upgrades necessary to accommodate these requests. Requests by generation owners in the PJM footprint to retire existing generators may be reviewed by MISO for impacts on the NIPSCO transmission system per the process defined by the MISO-PJM JOA, but the generation owners in the PJM footprint are under no obligation to mitigate any resulting constraints on the NIPSCO transmission system.

Requests by generation owners to secure transmission service are handled through the MISO Transmission Service Request process. NIPSCO participates in this effort to review

potential impacts on the NIPSCO transmission system and identify improvements or upgrades necessary to accommodate these requests.

6.1.4 Market Participants

MISO has a process through which market participants can request voluntary upgrades on the NIPSCO transmission system to better accommodate generation outlet capacity, reduce congestion, or other market-driven needs. If a market participant wishes to pursue these types of upgrades, they must submit their proposal to MISO and NIPSCO for evaluation in the process defined by the MISO tariff and corresponding Business Practice Manuals. The costs to perform these types of upgrades are negotiated between the market participant and NIPSCO.

6.1.5 Customer Driven Development Projects

NIPSCO may be contacted to undertake transmission upgrades by individual customers based on the customer's plans for economic development or expansion. In coordination with the customer, NIPSCO Major Accounts and NIPSCO Economic Development will determine if identified transmission upgrades are necessary to meet the customer's development or expansion plans. Any transmission upgrades identified via this route, that are applicable under the MISO planning processes, are evaluated by MISO to ensure there is "no harm" to any other system in the region as a result of these upgrades.

6.1.6 NIPSCO Transmission System Capital Projects

NIPSCO's current capital project plan for future years as driven by NIPSCO's planning processes and any projects designated and approved through the MISO MTEP planning effort includes:

- Rebuild Marktown 138 kV Substation
- Rebuild Lagrange-Angola 69 kV line
- MISO LRTP-15 (IL-IN Border to Morrison 345 kV)
- MISO LRTP-16 (Morrison to Reynolds to Hiple 345 kV)
- Upgrade Roxanna-Mittal #2 138 kV
- Upgrade Leesburg Substation 138 kV
- New Hiple to Northport 138kV Circuit
- New 138/69kV substation, Menges Ditch, in Elkhart County

In addition to current portfolio, NIPSCO completed the following transmission system projects, including:

- Dune Acres 138kV breaker upgrades
- MISO MTEP20 IMEP Project: Rebuild of the Michigan City to Trail Creek to Bosserman 138kV circuits
- Maple to LNG 138kV circuit rebuild
- LNG to Stillwell 138kV circuit rebuild
- Maple to New Carlisle 138kV circuit rebuild
- Aetna 138 kV Synchronous Condenser

6.1.7 Electric Infrastructure Modernization Plan

The TDSIC plan is an initiative to modernize infrastructure through upgrades to the NIPSCO electric and natural gas delivery systems. The Commission issued its Order in Cause No. 44733 on July 12, 2016 approving NIPSCO's 7-Year Electric TDSIC Plan (2016-2022). NIPSCO terminated this 7-Year Electric Plan effective May 31, 2021, and filed a new Electric Plan on June 1, 2021, in Cause No. 45557. In December 2021 this plan was approved by the IURC. NIPSCO's Electric TDSIC Plan, which runs from 2021 through 2026, is focused on transmission and distribution investments made for safety, reliability, and system modernization. The Plan also makes provision for appropriate economic development projects in the future, although none are proposed at this time.

NIPSCO's Electric TDSIC Plan includes necessary investments that enable NIPSCO to continue providing safe, reliable electric service to its customers into the future. The Plan comprises three main segments: (1) investments that target replacement of aging assets (Aging Infrastructure); (2) investments intended to maintain the reliability of NIPSCO's electric system to deliver power to customers when they need it (System Deliverability); and (3) investments to modernize NIPSCO's communications and AMI technologies (Grid Modernization).

6.2 Distribution System Planning

NIPSCO's distribution system is reviewed for local circuit, substation, and source feed adequacy. Normal operating status as well as single element or contingency failure loading and voltage operating characteristics are evaluated along with circuit and system-wide reliability metrics (i.e., CAIDI, SAIDI, SAIFI).[133] Distribution operating and design criteria rely on NIPSCO design thresholds in accordance with Company Standards, Distribution Systems Planning Criteria, and equipment manufacturer ratings. Voltage operating criteria are based on American National Standards Institute (ANSI) C84.1 and Indiana Administrative Code 170 IAC 4-1-20.

[133] CAIDI is the Customer Average Interruption Duration Index and represents the average time of an outage during the year. SAIFI is the System Average Interruption Frequency Index and represents the average number of times that a system customer experiences an outage during the year. SAIDI is the System Average Interruption Duration Index and represents the number of minutes a utility's average customer did not have power during the year.

System improvement plans are developed and applied based upon mitigation of identified deficiencies associated with service capacity, service voltage, reliability levels, and load growth patterns. Specific and trending distribution component failures are mitigated through capital and infrastructure improvement processes. Infrastructure upgrade and replacement activities consider system characteristics including severity of operating deficiencies, likelihood of failure, potential customer impact, current substation and line topology, and equipment age and condition. Available new technologies are integrated into improvement and replacement activities where appropriate.

Net metering is an electricity policy for consumers who own renewable (solar, wind, biomass) energy facilities. Its application provides an incentive for customers to install renewable energy systems and generate electricity to offset their individual usage each month. If a participant produces more electricity than they use on a monthly basis, the customer can receive energy credits at their utility retail rate for their excess generation that can be applied to future usage. The Net Metering program ended for new customer applications for non-residential customers as of October 1, 2021, and for residential customers as of June 20, 2022. The EDG Tariff replaced Net Metering. An EDG credit is applied to a customer's bill if a customer generates more energy than they consume. The EDG credit amount is calculated annually and is 125% of the average wholesale price of power for the prior calendar year.

The renewable feed-in tariff (renewable energy payments) is another policy mechanism designed to encourage the adoption of renewable energy sources that has helped accelerate the move toward renewable energy sources. The tariff provides power developers with a predictable purchase price for self-generation under a long-term power purchase arrangement, which helps support financing opportunities for these types of projects. The micro solar, micro wind, intermediate wind, and biomass capacity are not fully subscribed, and applications are still being accepted. The intermediate solar category is closed and no longer accepting applications.

NIPSCO implemented its renewable feed-in tariff in July 2011 along with its existing net metering program. These programs helped introduce customer-owned renewable resource based generation onto NIPSCO's electric distribution system. The feed-in tariff program began to attract a significant amount of renewable generation projects which began coming "online" in 2012 and continued to grow. NIPSCO's net metering, feed-in tariff, and EDG tariff generation interconnection programs provide an incentive and path for customers to integrate their own distributed generation resources into NIPSCO's electric distribution systems. Solar, wind, and biomass fueled generation resources have been deployed by customers in varying amounts across the service territory.

By the end of 2023, renewable generation data identified 60.8 MWs of interconnected capacity associated with the net metering program, 36.8 MWs of interconnected capacity associated with the feed-in tariff program and 3.4 MWs of interconnected capacity associated with the EDG program. An aggregate breakdown by renewable fuel type is provided below. These values represent generation resources that include landfill gas combustion engines, animal waste gas combustion engines, photovoltaic solar array farms, small roof-mounted and ground mounted residential solar arrays, intermediate-sized commercial wind turbines, and small commercial and residential wind turbines.

Net Metering Interconnected Capacity:

- 58.6 MWs - Solar Generation
- 1.9 MWs - Wind Generation
- 0.3 MWs - Solar/Wind Combination Generation

Feed-In Tariff Interconnected Capacity:

- 22.3 MWs - Solar Generation
- 0.2 MWs - Wind Generation
- 14.3 MWs - Biomass Generation

EDG Interconnected Capacity:

- 3.4 MWs - Solar Generation

The above biomass related generation value excludes 13.6 MWs of existing landfill based generation interconnected to NIPSCO's distribution system. Although these renewable generation sources feed into NIPSCO's network, the power deliveries are associated with customer PPAs with parties other than NIPSCO. These customers do not participate in NIPSCO's net metering or feed-in tariff programs. In total, approximately 114.6 MWs of generation capacity is interconnected into NIPSCO's distribution system.

6.2.1 Evolving Technologies and System Capabilities

NIPSCO continues the expansion of its distribution SCADA systems, improve its DA systems, and apply other new technologies.

NIPSCO's application of SCADA on distribution substations has undergone expansion, resulting in an increase in coverage from 43% in 2021 to its current level of 53% of all associated stations. Distribution circuit coverage stands at approximately 57% of all circuits. As part of its ongoing infrastructure improvement programs, new, as well as rebuilt distribution substations, and their associated circuits, are assessed for the application of SCADA and DA in their scope and construction. New station projects, as well as full or partial station rebuild projects, are currently being implemented at a rate of approximately five or more per year. Based on continuation of these activities, further expansion of NIPSCO's substation SCADA and DA systems is anticipated to continue.

NIPSCO initiated a new program for technology upgrades on existing control schemes and systems associated with its legacy DA systems. Older system control schemes and equipment are scheduled to be upgraded to new SEL distribution network automation control systems. There were eleven legacy DA systems. Eight out of the eleven will have been upgraded to SEL DA by the end of this year. These new systems feature automatic network reconfiguration and self-healing

actions using algorithms that provide more flexibility and higher levels of reliability. They allow much greater levels of customization of settings and flexibility to fit specific operating conditions. The newer DA automated systems will further enhance how the system determines the best path forward when recognizing faults and restoring customer services. In addition to the above operational improvements, the new systems also provide an opportunity for scaling (expansion) of DA systems that did not exist prior due to previous limitations on the older technologies.

FERC issued Order 2222 in 2020, which is a rule requiring regional grid operators like MISO to allow Distributed Energy Resources to participate in the wholesale markets. NIPSCO has been monitoring how MISO is progressing with its implementation of FERC Order 2222. NIPSCO has been involved in EDC workshop and has attended MISO's DER Task Force meetings. NIPSCO will continue to monitor how FERC Order 2222 progresses and how to comply with the FERC Order.

NIPSCO has experienced some EV charger growth throughout the service territory. Most adopters of EVs are charging at home with level 1 or 2 chargers. To date the loading of Level 1 or 2 EV chargers has not been an issue on NIPSCO's distribution service transformers. If penetration of at home charging increases, it could spur service transformer upgrades. At home charging should be managed, and by increasing visibility and programs it could potentially offset any distribution service transformer upgrade costs. DC fast charging stations can range from 50 to 350 kW per stall, and NIPSCO has seen some locations go up to 2-3 MW of demand. If EV DC fast chargers are placed at every gas station location, it could cause significant distribution system impacts resulting in more infrastructure investment to meet the growing demand of EV DC fast chargers. The current rate of adoption for DC fast chargers has been mild, and we expect that to continue in the coming years until EV cars are widely adopted.

Section 7. Environmental Considerations

7.1 Environmental Sustainability

NIPSCO is committed to delivering energy safely, reliably, and in an environmentally responsible and sustainable way. Since 2005, air emissions, water withdrawal and discharge, and generation of coal ash have significantly reduced. Specifically, as of the end of 2023, NIPSCO had reduced carbon dioxide emissions from electric generation by 76% from 2005 levels. This progress is helping NiSource advance toward its goal of net zero Scope 1 and 2 emissions by 2040.

NIPSCO has invested in environmental control systems across its coal and natural gas generation fleet to comply with environmental requirements while NIPSCO transitions to a more environmentally sustainable generation portfolio. See Table 7-1 for these environmental control systems.

Table 7-1: Environmental Controls on Coal and Natural Gas Generation

Unit	Year In Service	Fuel Source	Particulate Matter (PM) Control	SO_2 Control	NO_x Control	Mercury Control	Coal Ash	Planned Retirement[1]
MCGS U12	1974	Coal	Baghouse	Dry FGD	OFA & SCR	ACI & FA	SFC	2028
RMS U16A	1979	Natural Gas	--	--	Water Injection	--	--	2027
RMS U16B	1979	Natural Gas	--	--	Water Injection	--	--	2027
RMS U17	1983	Coal	ESP	Wet FGD	Advanced LNB w/ OFA & SNCR	--	--	2025
RMS U18	1986	Coal	ESP	Wet FGD	Advanced LNB w/ OFA & SNCR	--	--	2025
Sugar Creek	2002	Natural Gas	--	--	SCR	--	--	--

(1) As of November 2024.

ESP = Electrostatic Precipitator
SCR = Selective Catalytic Reduction
ACI = Activated Carbon Injection
FGD = Flue Gas Desulfurization
LNB = Low NOx Burners
FA = Fuel Additives
OFA = Over-Fire Air System
SNCR = Selective Non-Catalytic Reduction
SFC = Submerged Flight Conveyor

7.2 Environmental Compliance Plan Development

NIPSCO operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste, and solid waste that protect health and the environment. NIPSCO is committed to complying with all regulatory requirements. This commitment is embodied in NiSource's Environmental, Health and Safety, Climate Change, and Sustainability Policies and is implemented through a comprehensive environmental management system.

Compliance plans are developed and implemented to meet new and changing environmental policy developments.

7.3 Environmental Regulations

7.3.1 Solid Waste Management

The EPA finalized a rule regulating the management and disposal of CCR which became effective on October 19, 2015. The 2015 CCR Rule regulates CCRs under the RCRA Subtitle D as nonhazardous. The 2015 CCR Rule is implemented in phases establishing requirements related to groundwater monitoring, CCR management and disposal, reporting, recordkeeping, and corrective action.[134] The rule allows NIPSCO to continue its byproduct beneficial use program, significantly reducing CCR that must be disposed.

NIPSCO has completed several projects and has active ongoing projects to comply with the 2015 CCR Rule. Retirement of Schahfer Generating Station Units 17 and 18 by 2025 avoids significant capital cost needed to comply with the 2015 CCR Rule and other environmental requirements.

On May 8, 2024, the EPA finalized changes to the CCR regulations that address inactive surface impoundments at inactive facilities, referred to as legacy impoundments, and CCR management units at inactive and active facilities. This Legacy CCR Rule, which is not expected to impact generation resource planning, requires these newly regulated units to conform to requirements such as groundwater monitoring, closure, and post-closure care.

7.3.2 Clean Water Act and Effluent Limitations Guidelines (ELG)

EPA first promulgated the ELG Rule in 1974, and has amended the regulation many times, with the latest revision effective date of July 8, 2024. The ELG Rule regulates wastewater discharges from power plants operating as utilities. The implementing requirements are incorporated into NPDES permits. Significant capital expenditure is not expected for NIPSCO to comply with the ELG Rule given the expected retirement dates of the coal units at, as well as the dry FGD and CCR-related investments at Michigan City.

7.3.3 Clean Air Act

While several Clean Air Act regulations apply to NIPSCO's operations, including the Cross State Air Pollution Rule and Mercury and Air Toxics Standards, these regulations are not significant drivers of resource considerations in this IRP due to the emission control technologies already installed at NIPSCO's electric generating stations and NIPSCO's plans to retire coal-fired generation. However, as discussed in more detail below, the EPA recently finalized greenhouse gas emissions standards for fossil fuel-fired electric generating units that are examined in this IRP.

134 https://www.nipsco.com/about-us/ccr-rule-compliance-data-information

7.4 Climate-Related Considerations

On May 9, 2024, the EPA published final New Source Performance Standards for Greenhouse Gas Emissions From New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units and Emission Guidelines for Greenhouse Gas (GHG) Emissions From Existing Fossil Fuel-Fired Electric Generating Units. EPA's final rule will not affect NIPSCO's existing generation but is expected to impact other steam generating units. As designed by the EPA, new gas generation would be required to meet certain emission limits based on capacity factor, which could impact needed resources under several of the IRP scenarios. NIPSCO has included the GHG Rule in four of the five IRP scenarios.

Although several legislative and executive actions related to GHG emissions have been promulgated over the last decade, there is currently no federal price on carbon. However, given multi-faceted efforts through the legislative and executive branches to reduce GHG emissions, the AER scenario assumes GHG emissions from the power sector are regulated more heavily. In this AER scenario, NIPSCO has implemented a carbon price curve that limits warming to ~2°C by 2100, based on research by the Brookings Institution.[135] This price curve represents a range of potential future environmental policy options that may impact the cost of emitting carbon, rather than an explicit carbon tax policy. Refer to Section 8 for further discussion of carbon policy and prices.

[135] Hansel et al, "Climate Policy Curves: Linking Policy Choices to Climate Outcomes," Brookings Institution, December 2022.

Section 8. Managing Risk and Uncertainty

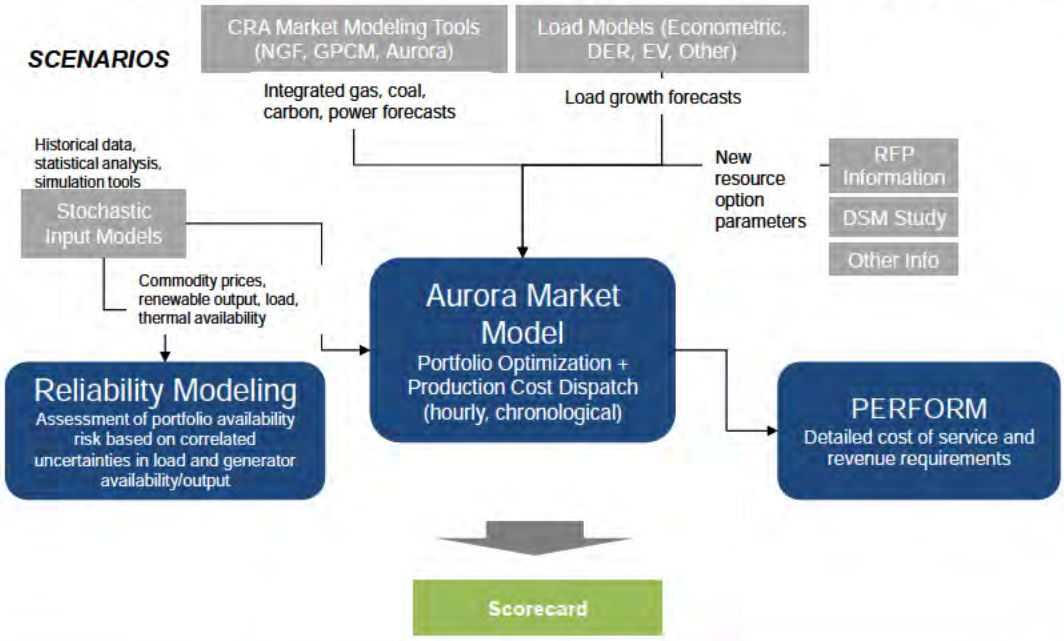
8.1 Introduction & Process Overview

In the 2024 IRP, NIPSCO deployed an approach to evaluating risk and uncertainty that involved the development of a fundamentals-based set of key Reference Case market drivers and the deployment of both scenarios and stochastic analysis to assess uncertainty around this Reference Case. NIPSCO developed the major inputs and associated uncertainty ranges for the 2024 IRP through the following process:

- Development of the Reference Case set of assumptions through fundamental energy sector, commodity price, and load forecasting models;
- Identification of the key drivers of uncertainty and appropriate assignment to scenario or stochastic analysis frameworks;
- Development of distinct scenario themes with accompanying model-based forecast assumptions; and
- Development of stochastic distributions for relevant variables.

The major market assumptions for the Reference Case and the scenarios were developed using a set of fundamental market models deployed by CRA and summarized in Figure 8-1. These models include the NGF model for natural gas price projections, probabilistic input development tools designed by CRA, and the Aurora model for long-term MISO-wide capacity expansion, production cost analysis, and granular power price forecasting. Section 2 has additional detail on the models used in the IRP.

Figure 8-1: Resource Planning Approach and Uncertainty Modeling Tools



8.2 Reference Case Market Drivers and Assumptions

This section provides an overview of the fundamental drivers that underpin the NIPSCO Reference Case for natural gas prices, coal prices, environmental policy including carbon prices, and power market prices.

8.2.1 Natural Gas Prices

Figure 8-2 provides an overview of the key inputs that drive CRA's fundamental forecast of natural gas prices in the NGF model. NIPSCO's 2024 Reference Case natural gas price forecast is driven by several key market assumptions regarding the major supply and demand dynamics in the North American natural gas market. Figure 8-3 summarizes the major supply side drivers, along with CRA's approach and assumptions for each driver, as well as supporting explanations. Figure 8-4 provides the same information for the major demand side drivers. The remainder of this section then provides additional detail related to each driver.

Figure 8-2: Overview of CRA's NGF Model Inputs



Figure 8-3: Supply Side Natural Gas Price Drivers – Reference Case

Driver	CRA Approach	Explanation
Resource Size	• Rely on Potential Gas Committee ("PGC") "Most-Likely" unproven estimates	CRA assumes a starting point of PGC 2022 "Minimum" resource, and grows the resource base to achieve PGC 2022 "Most Likely" volumes by 2050 to reflect pace of incremental discoveries over time.
Well Productivity	• Initial Production ("IP") rates based on historic drilling data • IP improves as per Energy Information Agency ("EIA") Tier 1 assumptions	CRA bases individual well productivity on historic data analyzed for each producing region; IP rates improve annually, consistent with EIA assumptions.
Fixed & Variable Well Costs	• Fixed and variable costs based on reported data • Costs improve as per EIA assumptions	CRA starts from drilling and operating costs reported by major producers in each supply basin; cost improvements over time are based on latest EIA assumptions.
Associated Gas Volumes	• Natural gas from shale and tight oil plays enters the market as a price taker	CRA uses EIA's forecast of domestic oil prices and production; this includes the impact of oil production and environmental regulations associated with flaring.

BEFORE THE UNITED STATES DEPARTMENT OF ENERGY

Federal Power Act Section 202(c) Emergency Order: Midcontinent Independent System Operator and Northern Indiana Public Service Company LLC	)))))	Order No. 202-26-46
Federal Power Act Section 202(c) Emergency Order: Midcontinent Independent System Operator and CenterPoint Energy Indiana South	)))))	Order No. 202-26-47

Exhibit to
Motion to Intervene and Request for Rehearing and Stay of
Public Interest Organizations

Exhibit 100C
NIPSCO 2024 IRP, Part 3

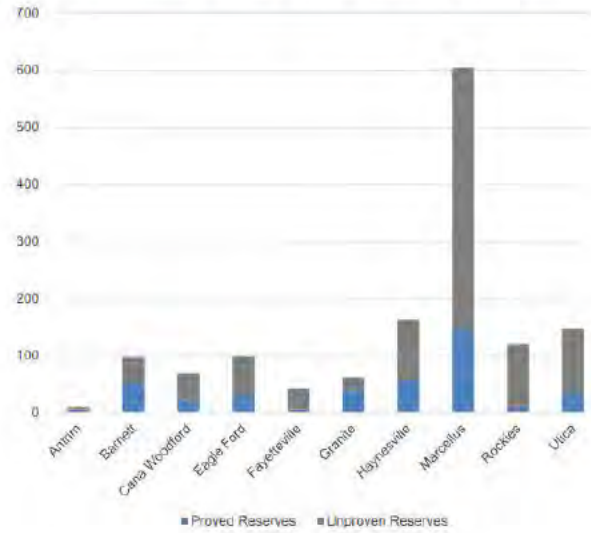
Figure 8-4: Demand Side Natural Gas Price Drivers – Reference Case

Driver	CRA Approach	Explanation
Domestic Demand	• CRA electric power sector simulation • Other sector natural gas demand synthesized from EIA	CRA expects natural gas domestic demand to be relatively stable to slightly declining under the Reference Case, with power sector declines driving the biggest long-term change.
LNG Exports	• Based on review of proposed projects • General uptick in under-construction projects completed and total exports	CRA expects no further export capacity beyond projects that are already operating or which have already achieved Final Investment Decision and are under construction, due to increased competition from suppliers with lower production costs or located closer to demand centers. However, existing and new facilities also have the potential to operate at higher utilization rates over time.
Pipeline Exports	• EIA predictions for net imports	CRA expects modest growth in pipeline exports to Mexico as well as decreasing imports from Canada.

8.2.1.1 Resource Size

In developing long-term estimates for natural gas resource size, CRA relied on a weighted average between the PGC 2022[136] "minimum" and "most likely" estimates as the value of unproven shale reserves. "Minimum" corresponds to a 100% probability that the resource is recoverable, while "most likely" refers to what is most likely to be recovered, with reasonable assumptions about source rock, yield factor, and reservoir conditions. On the other hand, the amount of proven reserves was taken from EIA's "Annual Report of Domestic Oil and Gas Reserves". The assumed available reserve estimates by basin are shown in Figure 8-5.

Figure 8-5: Available Shale Reserves by Basin

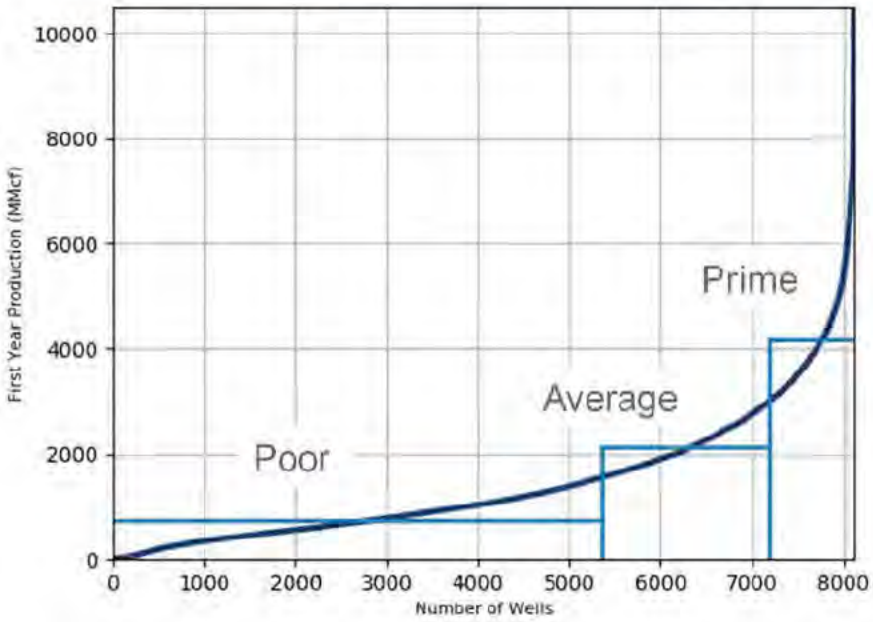


136 Note that the PGC 2022 view was released in July 2023, with PGC 2024 not available at the time of the development of NIPSCO's 2024 IRP assumptions. Scenario development (discussed further below) incorporates a range of views on the future resource base, anticipating potential ranges of resource base in the PGC 2022 report.

8.2.1.2 Well Productivity

Natural gas well productivity assumptions are important drivers of ultimate production efficiency, especially since the bulk of the natural gas resource is currently unproven, meaning that the geology of that resource is currently unknown. In developing assumptions for this variable, CRA generated productivity distributions for each production basin based on drilling data in regions that producers expected to have favorable geology. CRA's view is that historical data has a bias toward higher producing sub-regions, since the wells that are completed and ultimately produce gas do not reflect a random sampling of the underlying geology in each basin. Therefore, to reflect the expectation that the remaining resource is more likely to be lower quality over time as the premium acreage is depleted, CRA assumes a "Poor Heavy" productivity distribution for future undiscovered resource in the Reference Case. An example of this distribution for the Appalachian region is shown in Figure 8-6, with the number of wells shown on the x-axis and the level of first-year production shown on the y-axis.[137]

Figure 8-6: Well Productivity Distribution Illustration for Appalachia



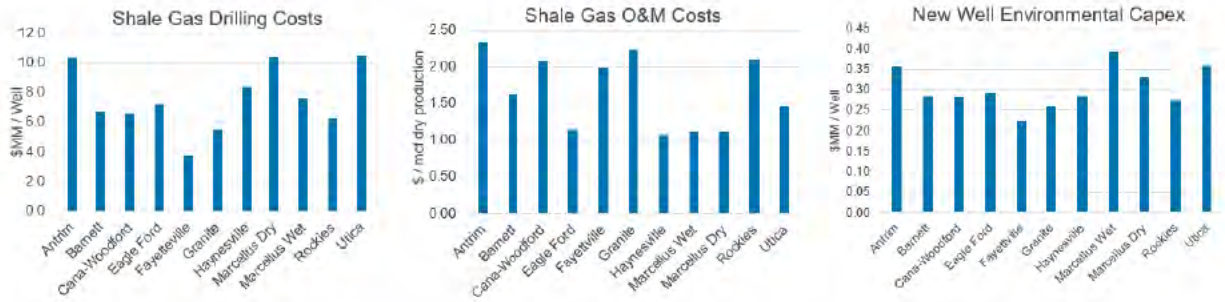
Well Costs

CRA develops drilling cost assumptions by evaluating reported costs from major producers within a supply region. Producers reported improvements in drilling and O&M costs across most shale basins, and CRA broadly assumes that these improvements will continue over time, largely due to technological innovation, such as advances in machine learning. Figure 8-7 summarizes current drilling costs, O&M costs, and environmental Capex in the major production regions.

[137] Distribution is based on CRA analysis of the Lasserdata drilling database. This proprietary database is produced by Lasser, Inc. and includes historical monthly oil and gas production data.

For going forward costs, CRA relies on the EIA's AEO, as well as documentation from publicly traded drilling companies as well as projections for improvements in drilling and O&M costs from S&P Global's UCCI. Drilling costs are expected to increase by 2% per year through 2025 due to inflationary effects on supply chains, followed by a decline rate of 1.5% through 2050, reflecting the aforementioned advances in drilling technology. Equipment and operating costs are expected to decline by 0.5-1% per year.

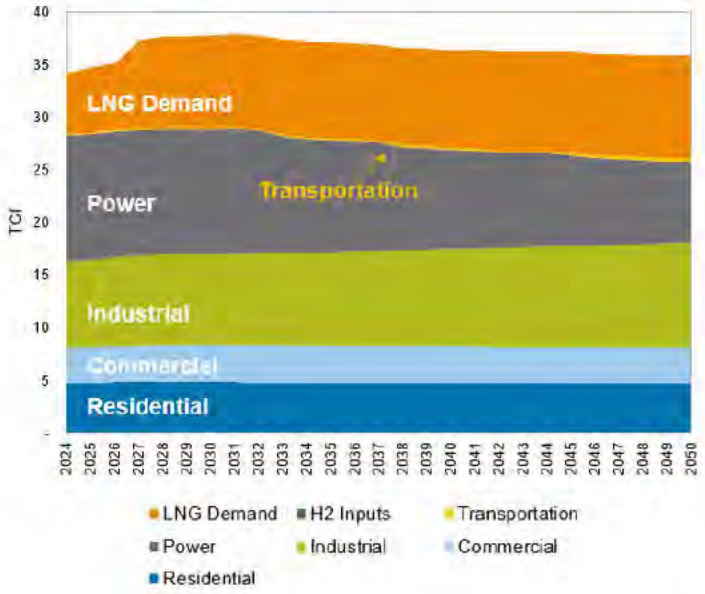
Figure 8-7: Shale Gas Drilling Costs



8.2.1.3 Demand

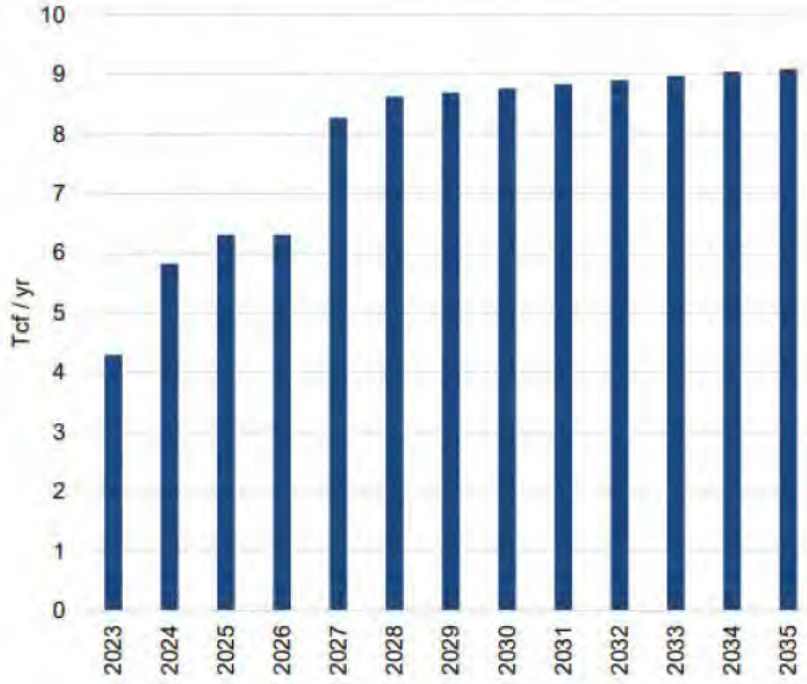
In projecting domestic natural gas demand growth, CRA relies on the AEO's projections for total demand and develops an independent electric sector demand forecast using its hourly Aurora dispatch model of the entire United States. Figure 8-8 presents the projected domestic demand assumptions through 2050 from the aforementioned sources. Electric sector demand is expected to be relatively flat through the mid-term and then decline in the Reference Case. The AEO's growth expectations for other sectors are also relatively flat, with some positive growth expected in the industrial sector.

Figure 8-8: Natural Gas Demand Assumptions – Reference Case



CRA develops estimates for LNG demand based on a review of existing and proposed export projects. An increase in LNG demand is expected through 2027 and 2028 as several new projects enter into service. CRA's Reference Case assumes small increases in LNG terminal utilization factors over the long-term but does not include any projects not currently approved and under construction. The demand from LNG exports included in the Reference Case through 2035 is summarized in Figure 8-9.

Figure 8-9: LNG Export Demand Projections – Reference Case

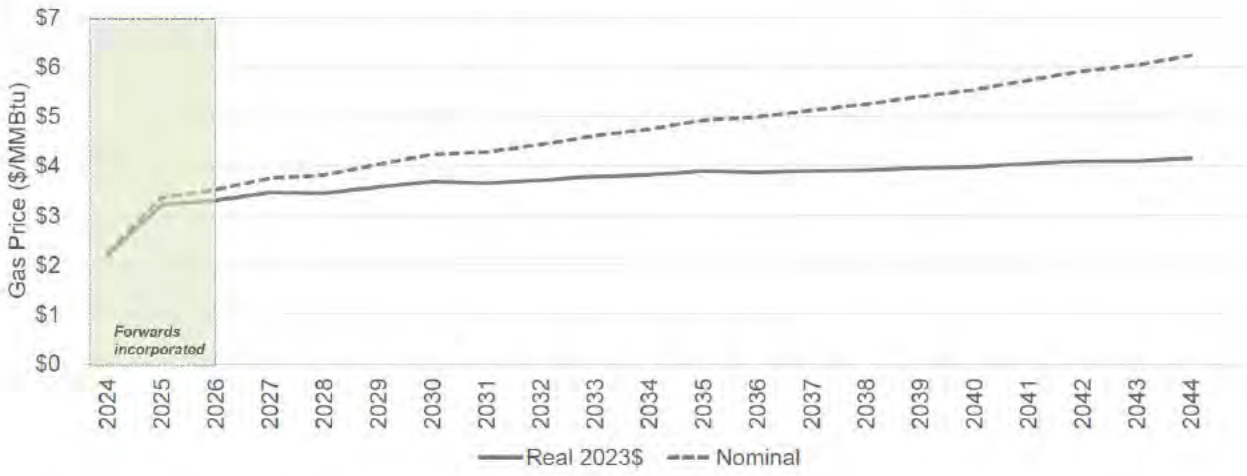


8.2.1.4 Reference Case Price Forecast

CRA's Reference Case price forecast was developed based on each of the supply and demand inputs discussed above and is shown in Figure 8-10. Beyond the forward period, prices are projected to be in the $3.50-$4.00/MMBtu range (real 2023$) for most of the study period. A brief summary of the key drivers of the expectation for increasing prices follows:

- CRA's Reference case view reflects upward pressure in the near term largely as a result of an increase in LNG export demand;
- Modest declines in overall demand resulting from slowing LNG demand growth and declining power sector demand, balanced with both slight increases in marginal production costs and crowding in prime regions leads to a slightly positive trend in real prices from 2035 onward.

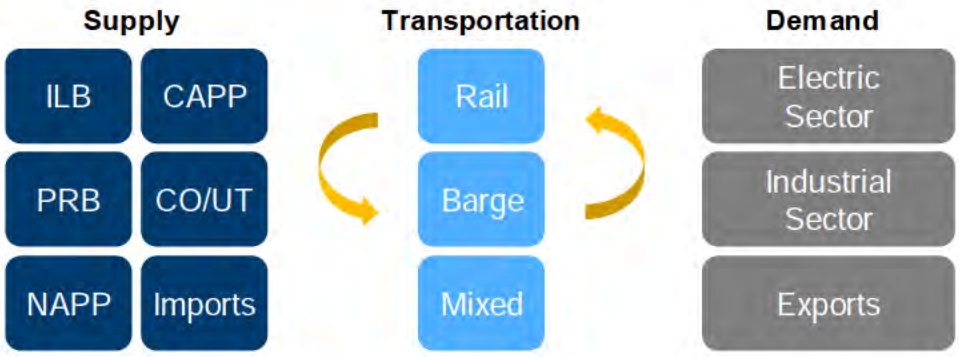
Figure 8-10: Reference Case Gas Price Forecast



8.2.2 Coal Prices

NIPSCO's reliance on coal-fired generation is expected to continue to decline, as Units 17 and 18 at the Schahfer Generating Station are planned to retire in 2025 and Unit 12 at the Michigan City Generating Station (NIPSCO's last coal-fired unit) is planned to retire in 2028. NIPSCO's 2024 Reference Case coal price forecast was driven by a fundamental view of the major supply and demand dynamics for each of the four major coal basins in the United States, integrated with other Reference Case assumptions for natural gas prices (discussed above), carbon policy and prices (discussed below), and the expected evolution of the power sector over time. The core forecasting process incorporates perspectives on coal supply, demand, and transportation to deliver fuel to plants throughout the U.S, as illustrated in Figure 8-11. CRA's process assesses the future supply/demand balance for the U.S. coal market based on macroeconomic drivers, including domestic and international demand, and microeconomic drivers, including trends in mining costs and production.

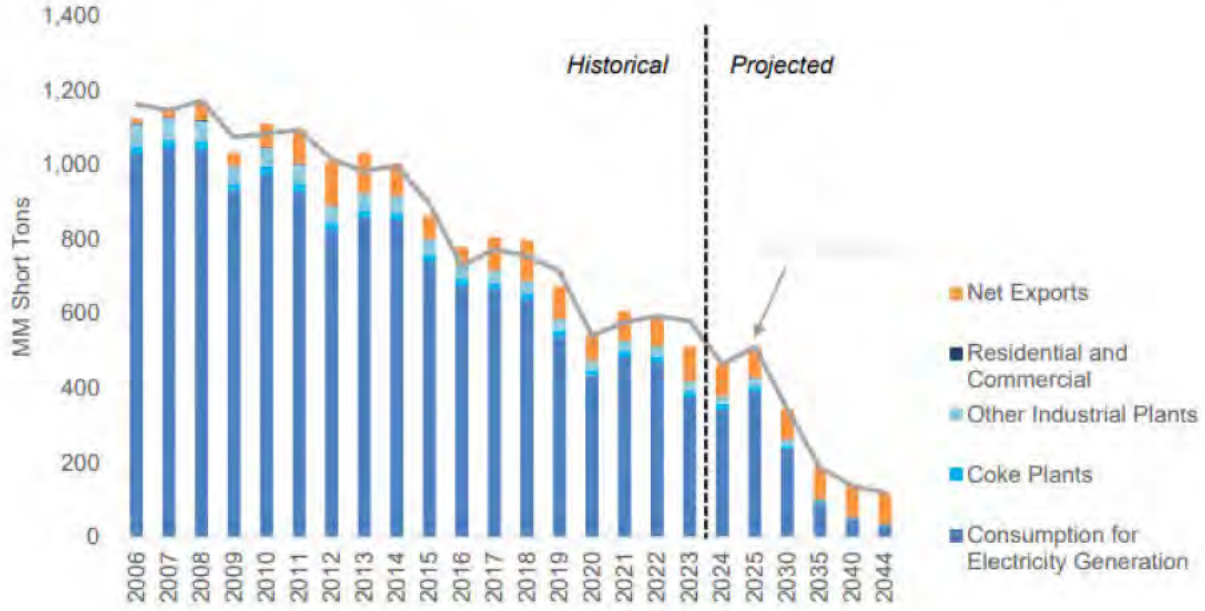
Figure 8-11: Coal Forecasting Process Overview



8.2.2.1 Coal Supply and Demand Trends

Figure 8-12 summarizes historical and projected supply and demand for U.S. coal over the period from 2006 through 2041, which shows that coal demand has generally been in decline over the last fifteen years. Coal retirements have accelerated in recent years, and low natural gas prices have continued to dampen demand, such that total demand for U.S. coal has declined to around 500 million short tons per year, less than half of where it was in 2010. Declines are expected in the next five years, with more substantial declines expected after 2030, particularly as the power sector transitions to other generating resource types.

Figure 8-12: Supply-Demand Balance for U.S. Coal – 2006-2041[138]

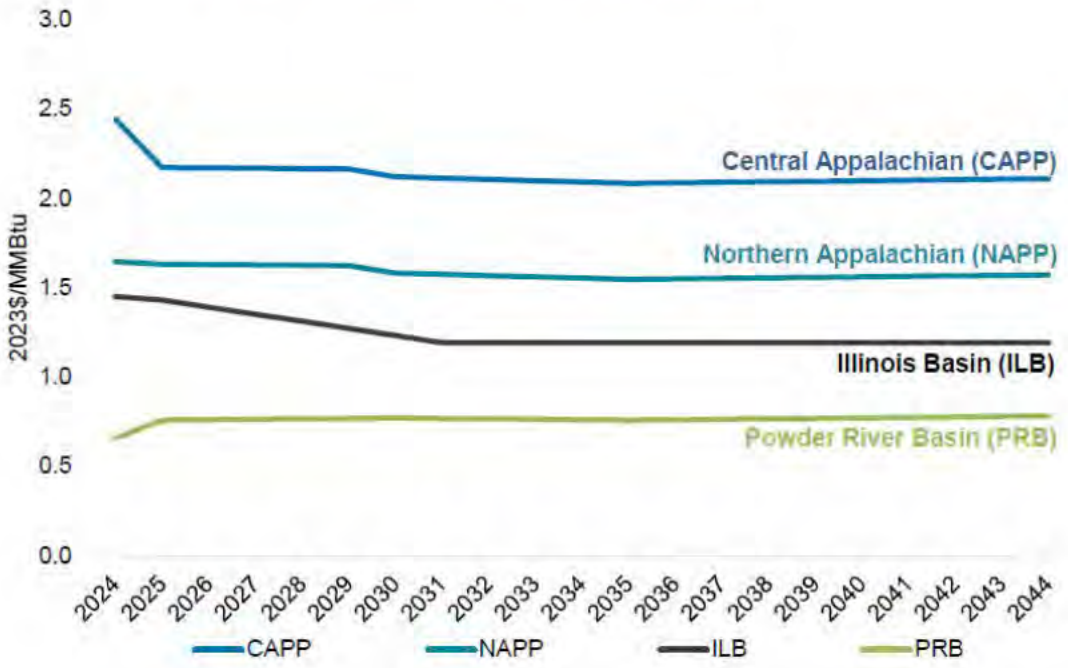


8.2.2.2 Reference Case Price Forecast

CRA's Reference Case price forecast is driven by both the regional production outlook and an assessment of production costs at various demand levels. Figure 8-13 presents the Reference Case price outlook by coal supply region. Overall, spot prices for U.S. steam coal have continued to decline since last year, and over the long-term, coal prices are expected to be flat to declining due to falling domestic demand as a result of the ongoing energy transition in the power sector. Demand for coal exports is also expected to stabilize over the long-term as international markets also decarbonize.

138 2006-2023 data is from EIA and the Mine Safety and Health Administration.

Figure 8-13: Reference Case Coal Price Forecast



8.2.3 Carbon Emission Regulation

Given recent policy and regulatory momentum associated with federal incentives for clean energy resources and regulatory pressures for fossil fuel resources, NIPSCO's Reference Case for the 2024 IRP does not include an explicit price on carbon. However, it does incorporate the GHG Rule for fossil fuel-fired EGUs finalized in April 2024 and published on May 9, 2024.[139] For existing coal-fired EGUs, the final rule establishes subcategories based on expected retirement date:

- Units operating in 2039 and beyond must achieve an emission rate based on CCUS application;
- Units that retire by 2039 must achieve an emission rate based on 40% natural gas co-firing by 2030; and
- Units that plan to retire prior to 2032 have no emission reduction obligations.

For new combustion turbines, the final rule establishes subcategories based on capacity factor:

[139] See EPA fact sheets here: https://www.epa.gov/system/files/documents/2024-04/cps-111-fact-sheet-overview.pdf and here: https://www.epa.gov/system/files/documents/2024-04/cps-table-of-all-bser-final-rule-4-24-2024.pdf

- Units operating at a capacity factor greater than 40% must achieve an emission rate consistent with CCUS by 2032;

- Units operating between 20% and 40% capacity factor must achieve an emission rate of 1,170 lbs/MWh; and

- Units operating at a capacity factor below 20% have no effective emission rate limitation if burning natural gas.

In addition to inclusion of the EPA greenhouse gas rules in four out of five of NIPSCO's scenarios, NIPSCO's AER scenario incorporates an implicit price on carbon emissions starting in 2030.

8.2.4 MISO Energy and Capacity Prices

NIPSCO operates within the MISO region, which includes parts of fifteen states throughout the Midwest and South. The traditional MISO North footprint covers parts of Indiana, Michigan, Illinois, Missouri, Kentucky, Iowa, Wisconsin, Minnesota, North Dakota, South Dakota, and Montana, as illustrated in Figure 8-14. Overall, MISO provides the following services to members and participants:

- Oversees markets for energy, capacity (resource adequacy), ancillary services, and transmission rights;

- Maintains load-interchange-generation balance, coordinates reliability, operates or directs the operation of transmission facilities, and oversees transmission planning;

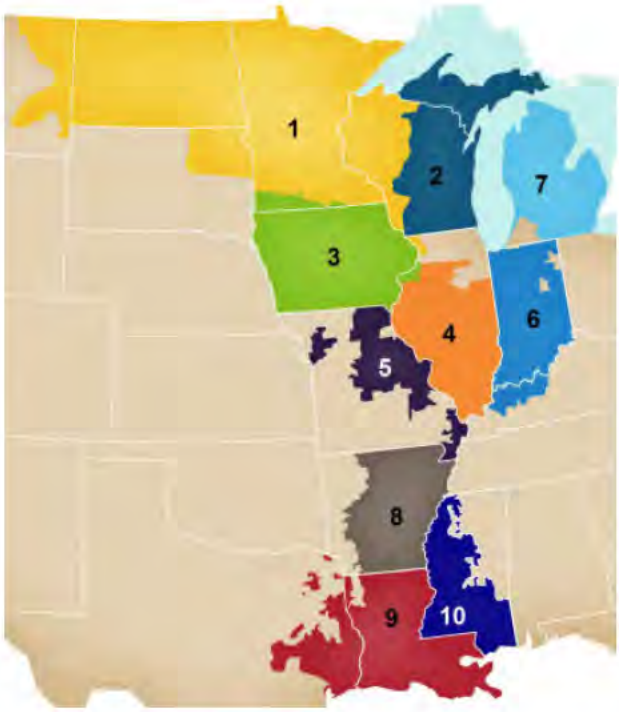
- Coordinates with utilities, states, and federal entities (FERC and NERC) to ensure the reliable, non-discriminatory operation of the bulk power transmission system; and

- Provides an estimated $5 billion in annual benefits[140] to members due to efficient use of power system for resource adequacy and dispatch across a broad geographic territory.

NIPSCO's service territory and resources fall within LRZ6, covering Indiana and parts of Kentucky. In developing the Reference Case market price forecasts for energy and capacity, CRA deployed its Aurora market model to represent the entire MISO footprint and produce fundamental, hourly price projections that are internally consistent with the fundamental outlook for natural gas prices, environmental policy, and the future capacity mix in the region.

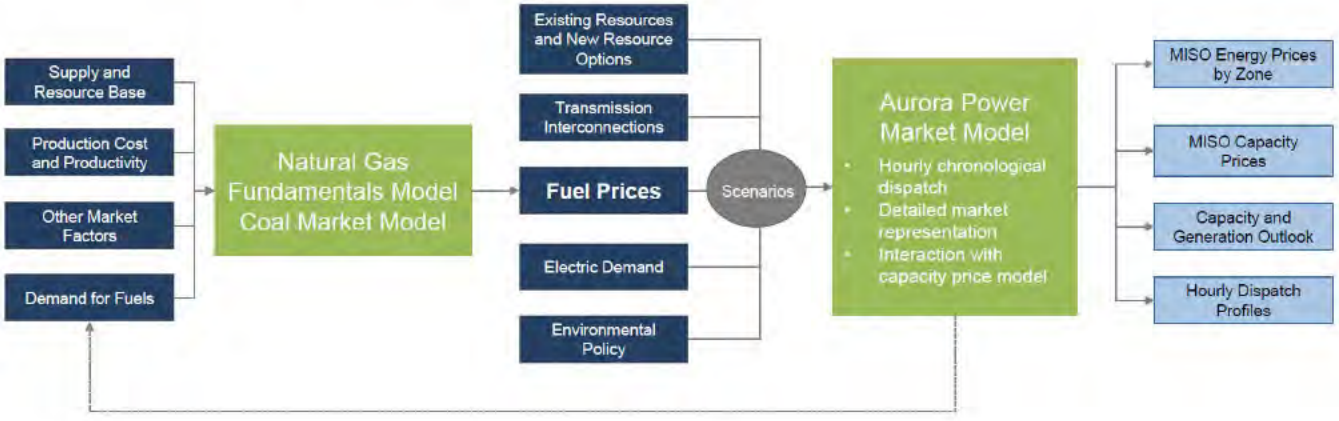
140 See https://www.misoenergy.org/meet-miso/MISO_Strategy/miso-value-proposition/

Figure 8-14: MISO Footprint



Based on the market inputs for fuel prices and environmental policy, along with other inputs associated with existing and new resource expectations throughout MISO, regional transmission interconnections, and regional electric demand, CRA developed Reference Case expectations for the MISO market, including energy and capacity prices according to the process shown in Figure 8-15.

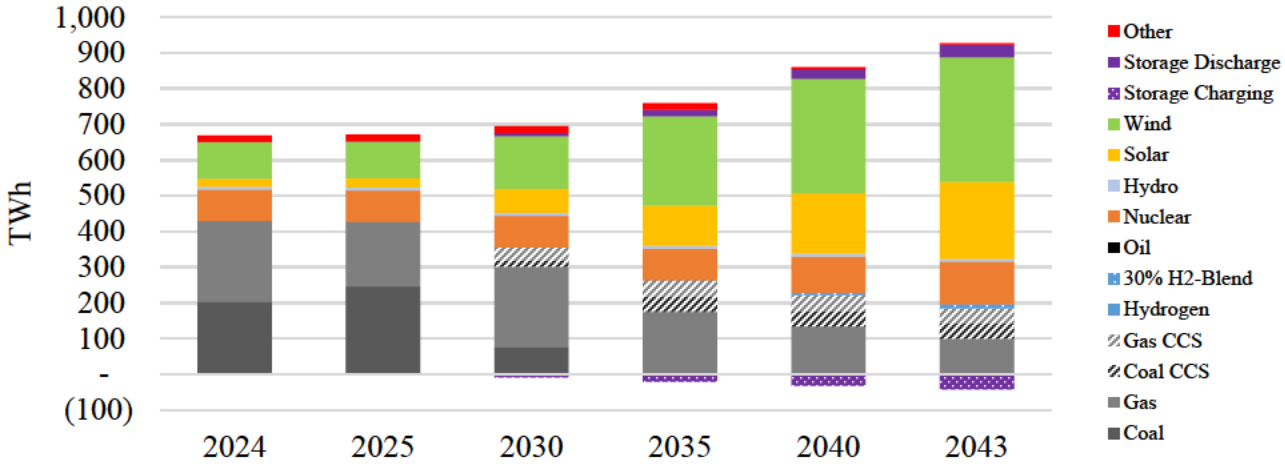
Figure 8-15: Power Market Modeling Process



8.2.4.1 MISO Capacity Mix

CRA's Reference Case analysis expects a continued shift from fossil fuel-fired generating resources towards cleaner energy over the next two decades, particularly in response to the assumed implementation of the EPA GHG rule discussed in the prior section. Since 2015, coal generation has declined from approximately 50% of the total MISO mix to closer to 33%, and the Reference Case forecast projects that it will decline rapidly over the next decade as a result of required retirements or conversions. Meanwhile, the Reference Case expects significant growth in renewable energy from wind and solar, such that by 2043 over 75% of energy generation throughout the region is expected to be from zero-emitting resources, including nuclear. In addition, both coal and natural gas CCUS are expected to grow post-2030. CRA's Reference Case projection of the evolution of the MISO energy mix is presented in Figure 8-16.

Figure 8-16: MISO Generation by Fuel Type –Reference Case Projections



8.2.4.2 Reference Case Energy Price Forecast

CRA's Reference Case MISO energy market price forecast is presented in Figure 8-17 on an annual basis and in Figure 8-18 on a monthly basis. The Reference Case expects that power prices will be relatively flat in real terms in the near-term, due to relatively flat natural gas and coal prices. Longer-term prices are expected to decline slightly in real terms as a result of increased low or zero variable cost generation resources entering the market. Convergence in peak and off-peak prices is projected over time in the Reference Case due largely to growing solar energy output, which tends to reduce peak period pricing.

Figure 8-17: LRZ6 (Indiana) Reference Case Annual Price Projections

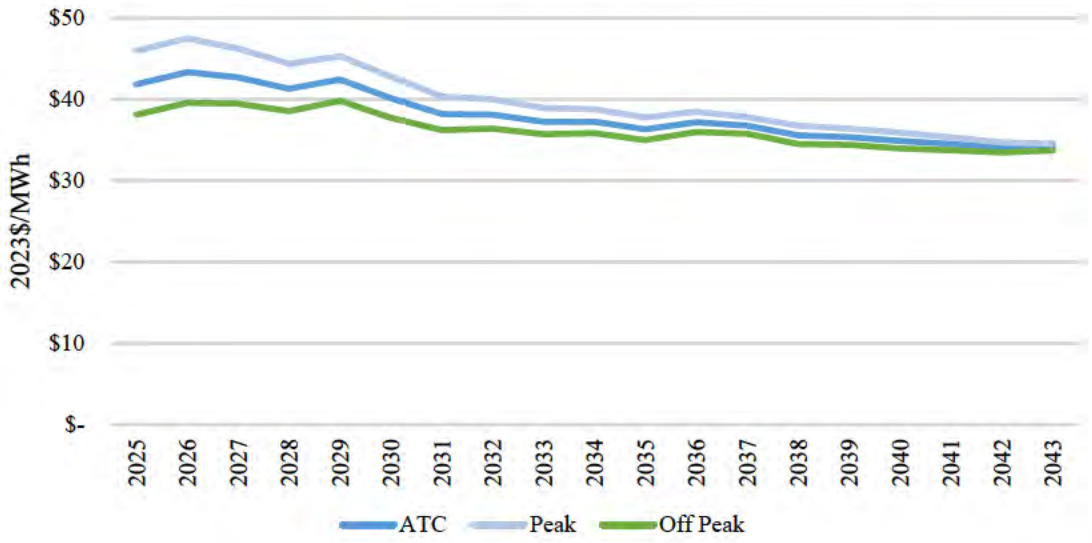
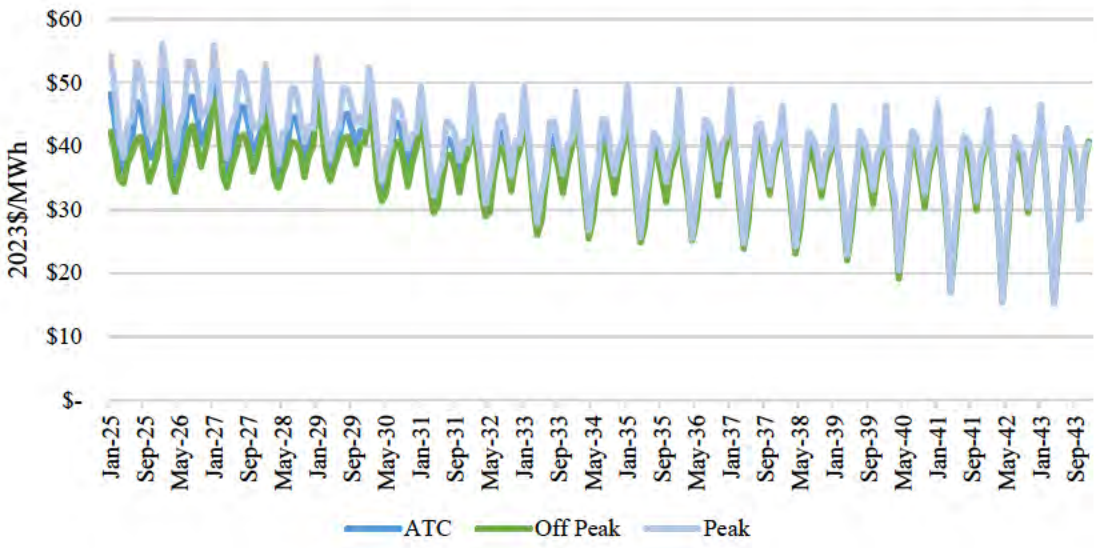
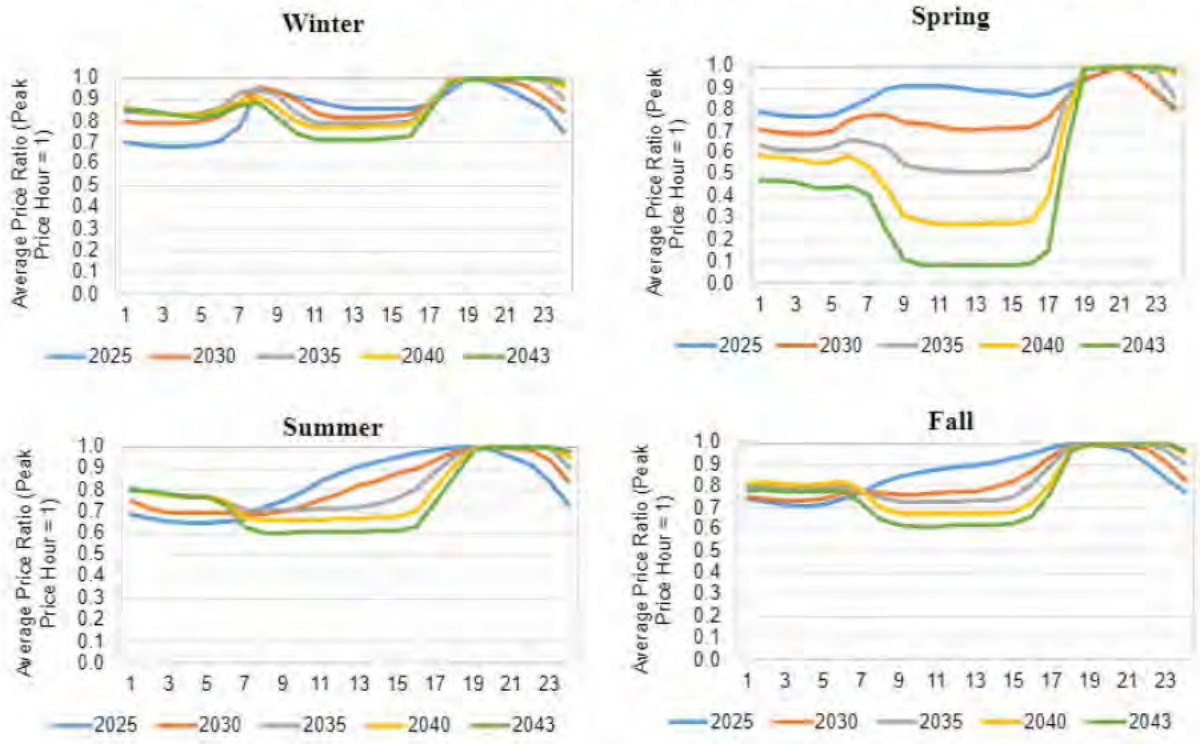


Figure 8-18: LRZ6 (Indiana) Reference Case Monthly Price Projections



Given the expectation for a growing share of intermittent renewable resources in the MISO market over time, hourly price profiles are likely to shift, and CRA's analysis incorporates this phenomenon over time. For example, mid-day prices are expected to decline as a result of solar output, particularly in the spring months when solar output is high, but electric demand is generally low. In addition, the peak price periods during the summer months are expected to shift from late afternoon to evening hours, in line with solar generation patterns. This is illustrated in Figure 8-19.

Figure 8-19: MISO Hourly Energy Price Shape Projections Over Time

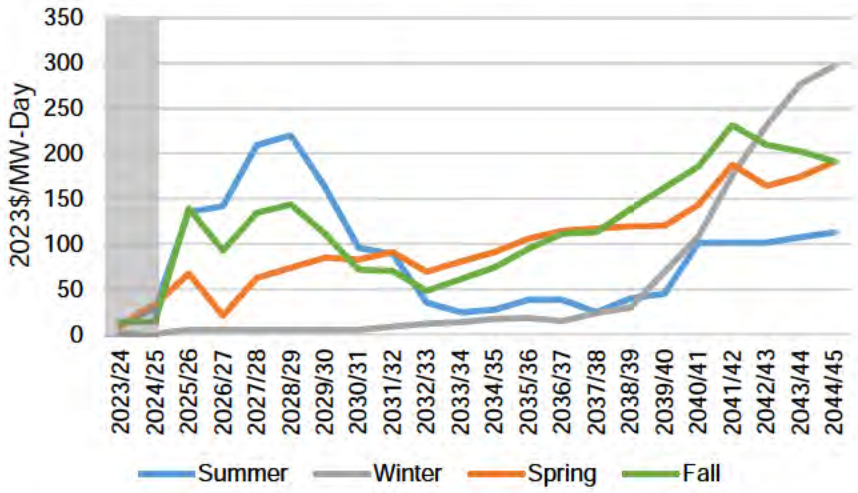


8.2.4.3 Reference Case Capacity Price Forecast

In addition to the energy market, MISO also operates a capacity market which procures capacity in a seasonal auction. The capacity market is based on an administratively set demand requirement and supply offers from market participants that are willing to sell capacity. MISO's first seasonal capacity auction took place in April 2023, followed by the second seasonal auction in April 2024. The 2023/24 auction prices retreated from the price spike observed in the 2022/23 auction, while the 2024/25 auction showed slight upticks in seasonal clearing prices, driven by a combination of higher demand requirements and tighter supply dynamics.

Going forward, CRA expects capacity prices to experience upward pressure over the near term, as the reserve margin throughout the system continues to tighten and MISO's D-LOL rule is implemented. During this period, summer is projected to remain the tightest season. Over the longer-term, the supply-demand balance will likely further tighten as coal resources are replaced by intermittent capacity over time. CRA's price forecast considers expected seasonal resource accreditation trends and demand requirements, and into the 2040s, risks in the winter season are projected to emerge. Figure 8-20 presents the Reference Case capacity price projections over time and by season.

Figure 8-20: Reference Case MISO Capacity Price Projections



8.3 Defining Risk and Uncertainty Drivers and Scenario and Stochastic Treatment

After defining the Reference Case market drivers and conditions, NIPSCO worked to identify the key uncertainties and drivers that could impact future portfolio performance over the long-term. These were grouped into four major categories, including:

- Commodity prices, especially for natural gas and power;
- Environmental policy, particularly regarding carbon pricing, other greenhouse gas emission reduction policies, and federal subsidies and tax credits for specific technologies;
- Load growth, including uncertainty associated with economic growth, EV penetration, DER penetration, electrification, industrial load, and data center load; and
- The future value of intermittent resources associated with capacity credit and hourly generation output.

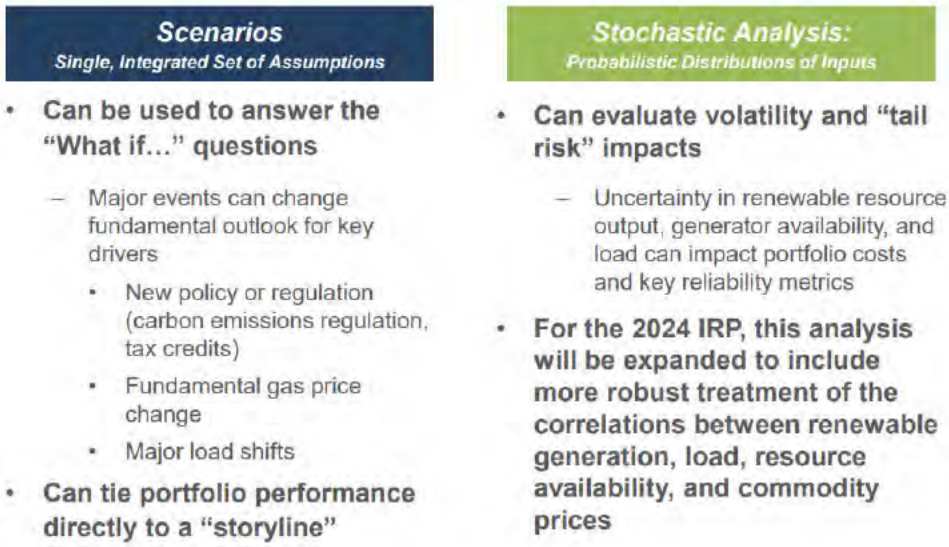
After identifying the major drivers of uncertainty, NIPSCO then assessed whether each would be best addressed through scenario or stochastic analysis.[141] In the 2024 IRP, NIPSCO has structured its risk and uncertainty analysis to analyze portfolio decisions across *both* scenario risk and stochastic risk, since the two complementary approaches can be used to answer different questions and quantify risk in different fashions. Scenarios were structured to assess major changes to specific market driver assumptions, along with related feedback, while stochastic

[141] Scenarios represent future states of the world. Scenario risk represents risk due to lack of knowledge around factors like regional demand growth, environmental policies, structural trends in commodity prices, etc. These sources of uncertainly will reduce with further knowledge as the future evolves. Stochastic risk is driven by randomness which cannot be reduced. Such uncertainties include exact hourly loads, short-term commodity prices, or hour-to-hour and day-to-day renewable generation.

analysis was performed to evaluate more granular volatility and tail risk, largely based on historical data observations. Figure 8-21 provides a summary of the primary purposes and benefits of deploying each approach. In the 2024 IRP, NIPSCO evaluated uncertainty variables in the following fashion:

- Scenario variables:
  - Annual and monthly natural gas prices;
  - Federal carbon policy regulation, including through a carbon price or the EPA power sector GHG Rule;
  - Federal technology incentives, including potential cancellation of production and investment tax credits;
  - Hourly MISO power market prices;
  - NIPSCO and MISO regional load growth, driven by economic factors, EV and DER penetration, electrification initiatives, data center load, and industrial load risk; and
  - Alternative capacity accreditation and obligation requirements across alternative market design concepts and based on MISO market outcomes.
- Stochastic variables:
  - Daily natural gas prices;
  - Hourly MISO power market prices;
  - Hourly NIPSCO load;
  - Hourly renewable generation output for wind and solar resources; and
  - Hourly availability from thermal generators.

Figure 8-21: Scenario and Stochastic Uncertainty Approaches

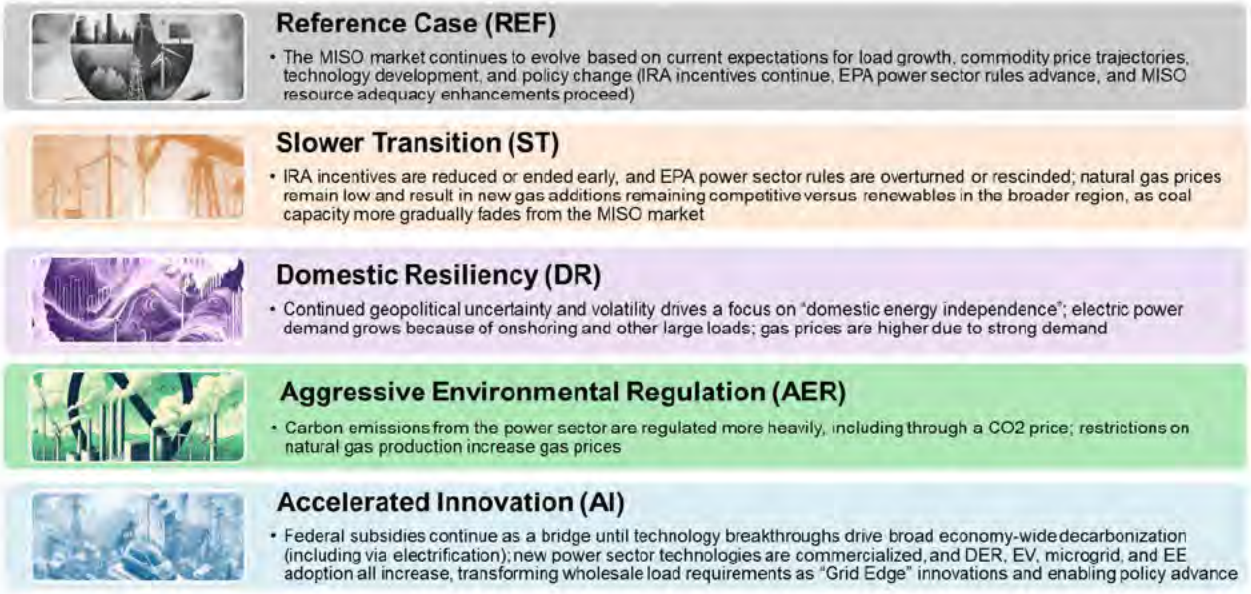


8.4 IRP Scenarios

8.4.1 Scenario Overview

In the scenario development process, NIPSCO developed narratives to describe possible futures, which were organized around "themes" or "states-of-the-world." The first step in developing the scenario themes was to construct assumptions for key macro drivers, which would ultimately translate into changes for the more detailed drivers impacting NIPSCO's portfolio costs. Ultimately, NIPSCO developed four scenarios to supplement the Reference Case, relying on the foundation that was built in its 2016, 2018, and 2021 IRP processes. The 2024 IRP Reference Case incorporates recent market and regulatory trends and positions a baseline outlook against which alternative scenarios were developed. A summary of the scenario themes is shown in Figure 8-22.

Figure 8-22: Scenario Theme Overview



NIPSCO then assessed the themes for diversity and robustness and translated the scenario themes into specific assumptions for the key inputs of commodity prices, carbon policy, technology costs, electric demand or load growth, and market design considerations. Figure 8-23 summarizes the directional movement of the key input assumptions relative to the Reference Case, while the subsequent sections of this Section outline the detailed inputs that were developed for each scenario.[142]

142 Note that CRA's fundamental MISO market modeling process develops unique MISO market outcomes for each scenario based on the fundamental inputs outlined in the table. Therefore, MISO power market prices are not explicitly noted as input assumptions. Note also that NIPSCO-specific portfolio analysis (discussed further in Section 9) incorporates additional information regarding NIPSCO-specific technology costs for new resources (largely informed by the RFP results summarized in Section 4) and NIPSCO-specific load uncertainties (summarized in Section 3).

Figure 8-23: Summary of Major Scenario Parameters

Scenario	Commodity Prices	Carbon Policies	Technology Costs	Demand	Market Design
Reference Scenario (REF)	Baseline	Current Policy, including EPA power sector CO2 emission rules	Baseline	Baseline	Examine alternative capacity accreditation and obligation requirements across alternative market design concepts and based on MISO market outcomes
Slower Transition (ST)	Low gas price due to abundant resource ↓	IRA pull-back and withdrawn EPA power sector rules ↓	Slower decline for new tech costs; stable IC costs ↑	Low DER and EV	
Domestic Resiliency (DR)	Higher gas price due to strong demand ↑	Current policy, including EPA power sector CO2 emission rules –	Higher due to supply chain constraints, onshoring ↑	New large loads (data centers, industrial onshoring)	
Aggressive Environ. Regulation (AER)	Highest gas price due to production restrictions ↑	EPA power sector CO2 emission rules *plus* carbon price ↑	Baseline –	Higher DER and EV; some electrification	
Accelerated Innovation (AI)	Lower gas price due to demand erosion ↓	Current policy, including EPA power sector CO2 emission rules –	New tech. advancement and decline in costs; IC cost pressures ↓	High EV and electrification plus new large loads; higher DER	

8.4.2 Slower Transition Scenario

8.4.2.1 Summary Description

The ST scenario represents a future with persistently low natural gas prices, a pull-back of tax credits authorized via the IRA, and withdrawal of the EPA GHG Rule. The scenario addresses the combined risks of low commodity prices for natural gas and power and a roll-back of federal incentives and regulations which incentivize a transition away from fossil-fuel fired generation. Given the large amount of uncertainty related to long-term implementation of the EPA GHG Rule, the scenario specifically develops a future where carbon emissions are not restricted while conventional fuel prices remain low, testing the robustness of portfolios against this important risk.

8.4.2.2 Natural Gas Prices

CRA used its fundamental natural gas market modeling framework (as discussed above) to develop drivers for the ST scenario's price trajectory. Overall, lower prices are realized through the following assumptions:

- Larger resource size: The ST scenario assumes a higher weighting in available unproven resources towards the PGC's maximum trajectory as opposed to its "most likely."
- Higher well productivity: Improvements in well productivity are assumed to be realized more quickly in this scenario.

Figure 8-24 summarizes the major natural gas price drivers for the ST scenario relative to those in the Reference Case.

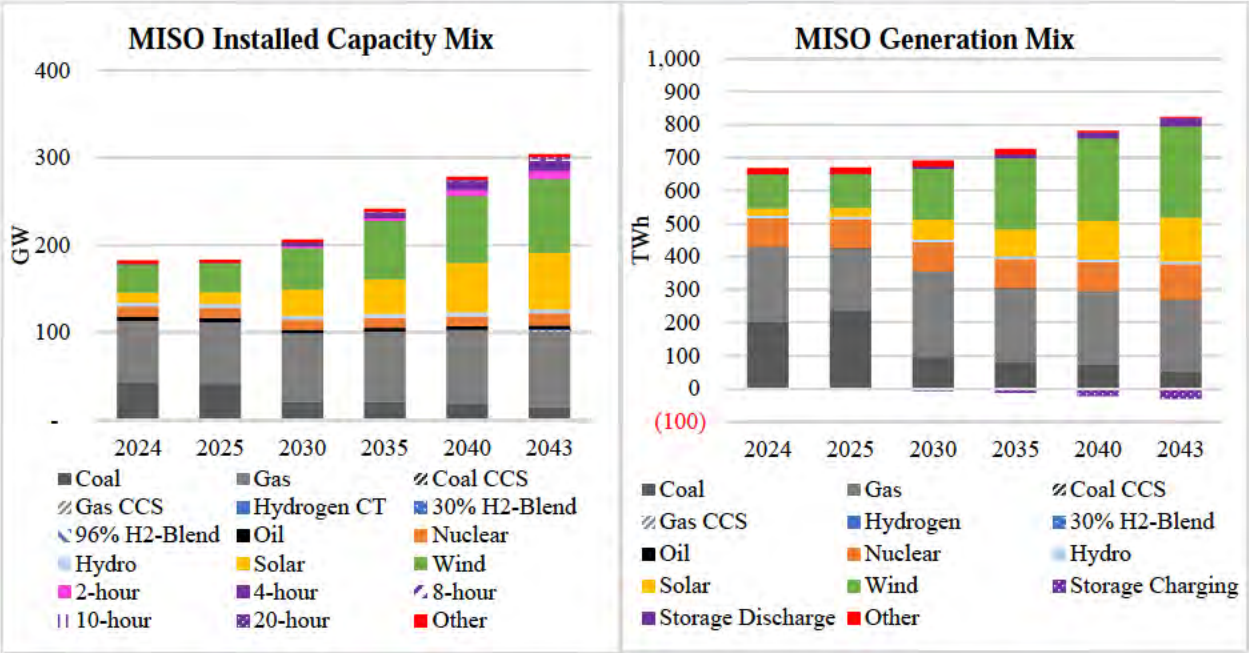
Figure 8-24: Summary of Natural Gas Price Drivers for ST Scenario

Driver	Reference Case	ST
Resource Size	• Rely on Potential Gas Committee (PGC) "Most-Likely" unproven estimates	• Unproven resource base assumed higher 
Well Productivity	• IP rates based on historic drilling data • IP improves as per EIA Tier 1 assumptions • Resource base is "Poor Heavy"	• Accelerated improvement in well productivity 
Fixed & Variable Well Costs	• Fixed and variable costs based on reported data • Costs improve as per EIA assumptions	• Base View 
Domestic Demand	• Electric demand taken from AURORA base case, RCI demand based on AEO 2021 Reference Case	• Base View 

8.4.2.3 MISO Power Market Dynamics

In the ST scenario, load growth is expected to be slightly lower than in the Reference Case, largely due to slower electric vehicle growth. In addition, the MISO market is expected to transition more slowly away from fossil-fired resources and more gradually towards renewables as a result of lower natural gas prices, withdrawal of the EPA GHG Rule, and an early phase-out of clean energy tax credits from the IRA. While the Reference Case expects over 75% of all energy in MISO to come from zero-emitting resources by 2043, the ST scenario expects closer to 60-65% of total energy produced to be zero-emitting by the same period. Meanwhile, natural gas and coal generation are projected to retain an energy share close to 40% by 2043, with most fossil-fired energy produced by natural gas. Unlike the Reference Case, the ST scenario does not expect deployment of CCUS for coal and natural gas capacity. The projected MISO installed capacity mix and generation mix over time for the ST scenario are illustrated in Figure 8-25.

Figure 8-25: MISO Power Market Evolution for ST Scenario



8.4.3 Domestic Resiliency Scenario

8.4.3.1 Summary Description

The DR Scenario represents a future in which continued geopolitical uncertainty and volatility drive a focus on domestic energy independence, while electric power demand grows significantly as a result of manufacturing onshoring and the emergence of other large loads like data centers. In addition, this scenario assumes gas prices are higher due to strong demand and technology costs decline more slowly due to supply chain constraints and high demand. Overall, the scenario addresses the risk of high load growth, higher technology costs, and high fuel costs.

8.4.3.2 Natural Gas Prices

CRA used its fundamental natural gas market modeling framework (as discussed above) to develop drivers for the DR Scenario's price trajectory. Overall, higher prices are realized primarily through expected increases in demand for natural gas. Specifically, instead of using AEO's base view for domestic gas demand, a higher trajectory, representing an approximate five tcf annual increase by the end of the study period, was used. This demand growth is expected to come from both the power sector (as a result of additional electric demand) and the industrial sector. Figure 8-26 summarizes the major natural gas price drivers for the DR scenario relative to those in the Reference Case.

Figure 8-26: Summary of Natural Gas Price Drivers for DR Scenario

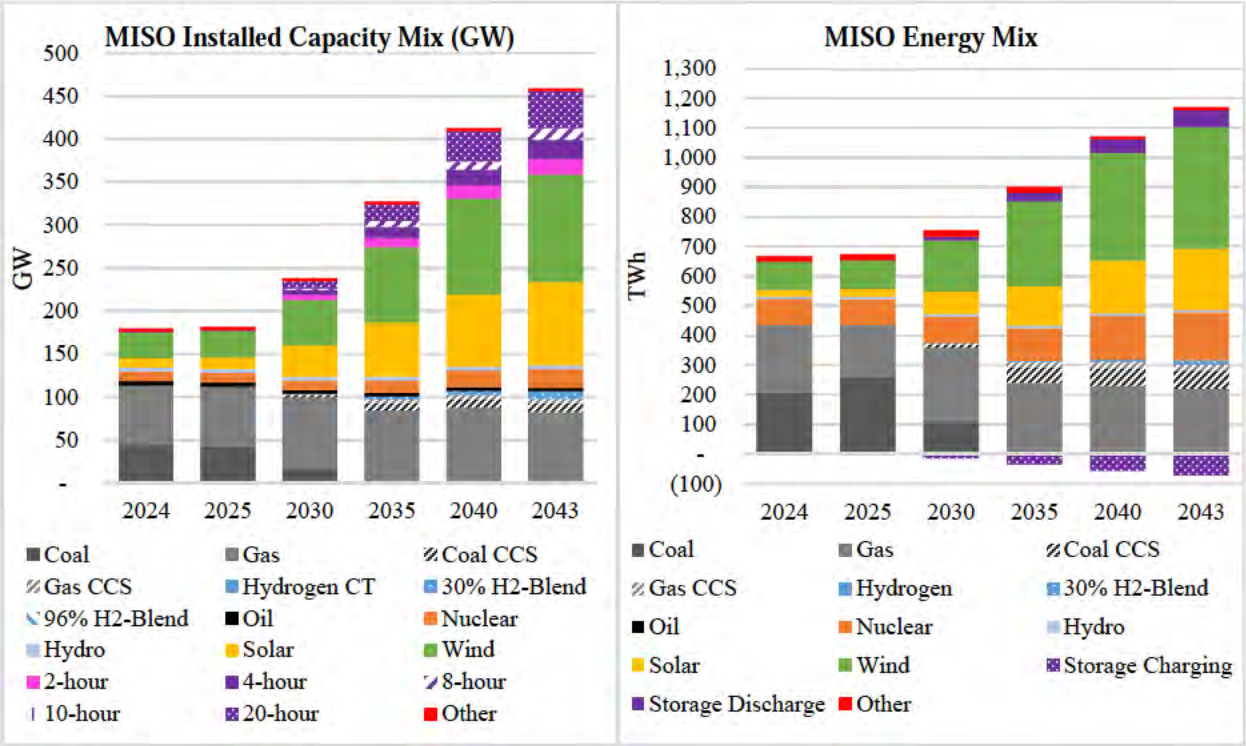
Driver	Reference Case	DR
Resource Size	• Rely on Potential Gas Committee (PGC) "Most-Likely" unproven estimates	• Base View
Well Productivity	• IP rates based on historic drilling data • IP improves as per EIA Tier 1 assumptions • Resource base is "Poor Heavy"	• Base View
Fixed & Variable Well Costs	• Fixed and variable costs based on reported data • Costs improve as per EIA assumptions	• Base View
Domestic Demand	• Electric demand taken from AURORA base case, RCI demand based on AEO 2021 Reference Case	• Increased power sector & other demand

8.4.3.3 MISO Power Market Dynamics

As noted, increased electric demand is a primary driver of the DR scenario. By 2045, across the MISO footprint, net energy for load across the MISO footprint is projected to be around 300 TWh higher than the Reference Case, with peak demand around 40 GW higher. Given baseline load levels for MISO in 2024 of approximately 700 TWh and 120 GW of net energy for load and peak demand, respectively, the increase in power sector demand for the DR scenario is a significant driver of overall outcomes.

As a result of this significant load growth, additional dispatchable capacity across the MISO footprint is needed to maintain regional reliability and serve growing energy needs. Therefore, although all coal capacity is projected to either retire or retrofit to CCUS by 2032 as a result of the EPA GHG Rule, significant amounts of natural gas capacity is also expected to remain in the system, along with new nuclear, wind, solar, storage, and hydrogen-enabled thermal capacity. Overall, the MISO market is projected to generate over 70% of its energy from clean, non-CO2 emitting resources by 2043, while serving a much larger amount of load when compared to the Reference Case. The remaining generation is expected to come from natural gas. The projected MISO installed capacity mix and generation mix over time for the DR scenario are illustrated in Figure 8-27.

Figure 8-27: MISO Power Market Evolution for DR Scenario



8.4.4 Aggressive Environmental Regulation Scenario

8.4.4.1 Summary Description

The AER Scenario represents a future in which environmental regulations are more stringent than anticipated in the Reference Case. More specifically, beyond the implementation of the EPA GHG Rule, the scenario contemplates a federal carbon tax or cap-and-trade framework that drives towards a net-zero emissions power sector and results in a significant price on carbon. In addition, the scenario includes the assumption that environmental policy restricts natural gas production and drives higher production costs for natural gas, resulting in a higher natural gas price outlook. Overall, the scenario addresses the risk of earlier and higher carbon prices and the risk of higher prices for natural gas and power.

8.4.4.2 Natural Gas Prices

CRA used its fundamental natural gas market modeling framework (as discussed above) to develop drivers for the AER Scenario's price trajectory. Overall, higher prices are realized primarily through changes in the supply side dynamics for natural gas, including the following assumptions:

- Smaller resource size: Instead of assuming that available gas supply grows over time, the AER scenario assumes that future exploration is limited by policy actions (for example, drilling bans). This is also achieved by anchoring more toward the PGC minimum values for unproven reserves.
- Slower improvements in well productivity: Improvements in technology are assumed to slow over time in the AER scenario, as interest rotates into clean energy sectors due to changing policy incentives.
- Higher fixed and variable well costs: Improvements in technology are assumed to slow, as interest rotates into clean energy sectors due to changing policy incentives. In addition, environmental costs are assumed to increase in the AER scenario to reflect additional regulation of emissions from fossil fuel producing sectors, include natural gas drilling and extraction.

Figure 8-28 summarizes the major natural gas price drivers for the AER scenario relative to those in the Reference Case.

Figure 8-28: Summary of Natural Gas Price Drivers for AER Scenario

Driver	Reference Case	AER
Resource Size	• Rely on Potential Gas Committee (PGC) "Most-Likely" unproven estimates	• Limited resource growth, prospective drilling ban
Well Productivity	• IP rates based on historic drilling data • IP improves as per EIA Tier 1 assumptions • Resource base is "Poor Heavy"	• Base View
Fixed & Variable Well Costs	• Fixed and variable costs based on reported data • Costs improve as per EIA assumptions	• Slower improvement as policy drives investment into clean sectors • Higher environmental costs
Domestic Demand	• Electric demand taken from AURORA base case, RCI demand based on AEO 2021 Reference Case	• Base View

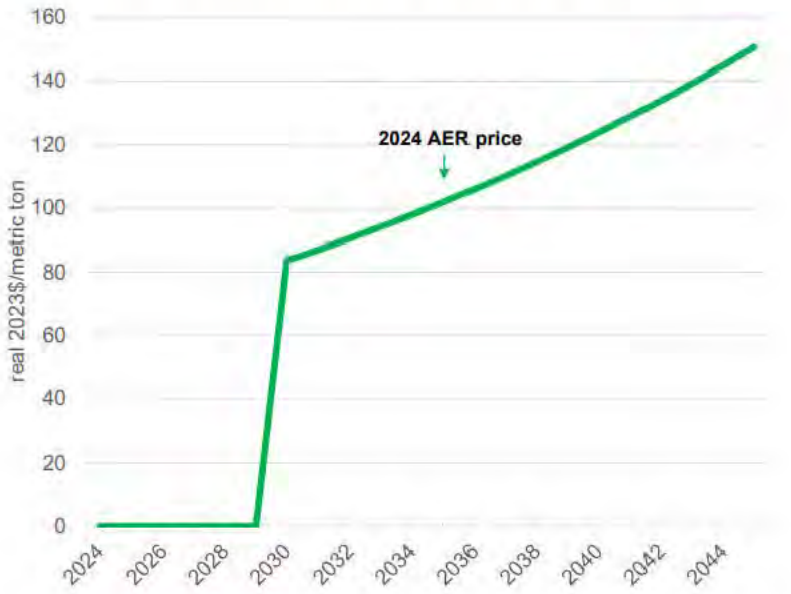
8.4.4.3 Carbon Regulation

As noted above, the AER scenario assumes a significant price on carbon, which was developed by NIPSCO using public sources to reflect a price on carbon that would be required to limit global warming to 2 degrees Celsius (3.6 degrees Fahrenheit) above pre-industrial levels by 2100.

In the AER scenario, the carbon price starts at $83/metric ton (in real 2023$) in 2030 and increases at a constant rate of 4% annually, as summarized in Figure 8-29.[143] This price would make renewable resources and other clean energy generation more economically attractive, resulting in increased adoption of clean energy resources to meet U.S. electricity demand.

It is important to note that an implicit cost of carbon captures not only an explicit tax on emissions, but a range of possible climate policy outcomes that would increase the overall cost of emitting CO2 into the atmosphere. This approach allows NIPSCO's 2024 IRP to incorporate price outcomes, while also recognizing the significant uncertainty associated with policy design and ultimate implementation.

Figure 8-29: AER Scenario Carbon Price Forecast

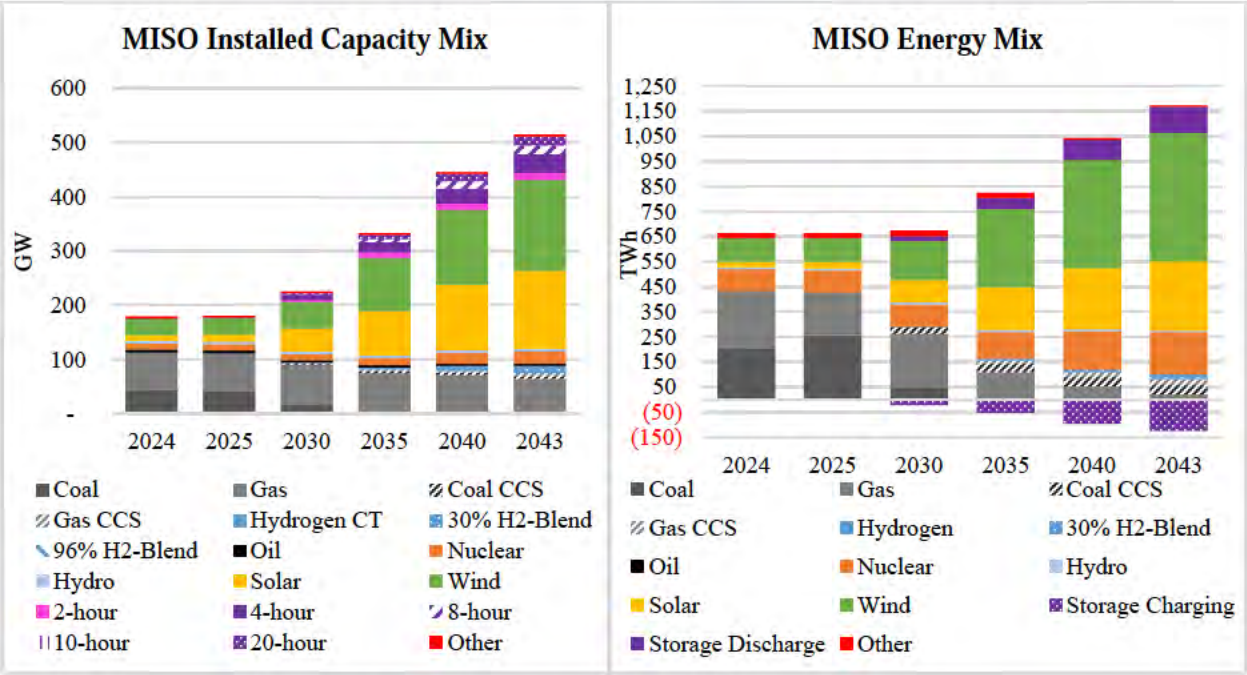


8.4.4.4 MISO Power Market Dynamics

In the AER scenario, higher carbon prices and higher natural gas prices are expected to accelerate both the transition away from fossil-fired resources and towards clean technologies across the MISO market. All coal capacity is projected to either retire or retrofit to CCUS by 2032 under the AER scenario. In addition, new nuclear capacity is projected, and consumption of some hydrogen fuel is expected in both new and existing gas turbine and combined cycle capacity. Overall, the MISO market is projected to generate over 90% of its energy from clean, non-CO2 emitting resources by 2043. This is illustrated in Figure 8-30.

143 The price trajectory was drawn from work published by the Brookings Institution: Hansel et al, "Climate Policy Curves: Linking Policy Choices to Climate Outcomes," Brookings Institution, December 2022.

Figure 8-30: MISO Power Market Evolution for AER Scenario



8.4.5 Accelerated Innovation Scenario

8.4.5.1 Summary Description

The AI Scenario represents a future in which technological breakthroughs and federal environmental regulations and subsidies drive significant emission reductions throughout the economy *without* imposing a price on carbon. Instead, CO2 emission reductions are assumed to be the result of a substantial technological advancement which reduce the costs of new power sector technologies, including distributed energy resources, electric vehicles, microgrid deployment, and advanced energy efficiency. These innovations are supported by federal rules and incentives, like the EPA GHG Rule and IRA incentives. In addition, electrification measures are projected to significantly increase power demand, with most of this growth concentrated in the winter months due to heating electrification. Overall, the scenario addresses the risk of substantial electrification of the economy (and thus substantial growth in overall load) and transition toward new power sector technologies.

8.4.5.2 Natural Gas Prices

CRA used its fundamental natural gas market modeling framework (as discussed above) to develop drivers for the AI Scenario's price trajectory. Overall, lower prices are realized primarily through changes in demand for natural gas. Instead of using the AEO Reference Case, the demand for the AI Scenario was based on the Princeton Net Zero Report E-Minus case[144] – a

144 See https://netzeroamerica.princeton.edu/the-report for the report details.

case which adopts an aggressive net-zero by 2050 goal. Specifically, there is a roughly 20% overall decrease in demand over the forecast period, largely driven by roughly half of the electric demand diminishing.

Figure 8-31 summarizes the major natural gas price drivers for the AI scenario relative to those in the Reference Case.

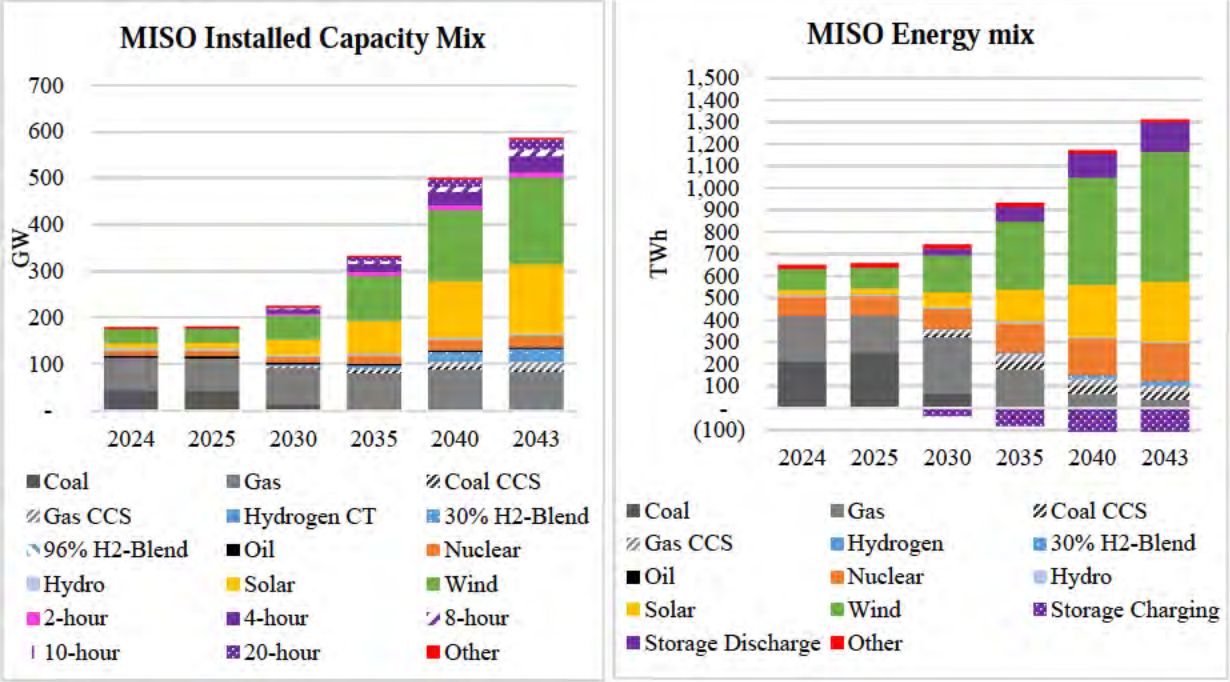
Figure 8-31: Summary of Natural Gas Price Drivers for AI Scenario

Driver	Reference Case	DR
Resource Size	• Rely on Potential Gas Committee (PGC) "Most-Likely" unproven estimates	• Base View
Well Productivity	• IP rates based on historic drilling data • IP improves as per EIA Tier 1 assumptions • Resource base is "Poor Heavy"	• Base View
Fixed & Variable Well Costs	• Fixed and variable costs based on reported data • Costs improve as per EIA assumptions	• Base View
Domestic Demand	• Electric demand taken from AURORA base case, RCI demand based on AEO 2021 Reference Case	• Significantly decreased electrification demand

8.4.5.3 MISO Power Market Dynamics

In the AI scenario, electrification growth is expected to significantly increase overall demand across the MISO footprint. By 2045, across the MISO footprint, net energy for load across the MISO footprint is projected to be around 200 TWh higher than the Reference Case, with peak demand nearly 40 GW higher. This demand growth is higher than in all other scenarios except for DR. In addition, all coal capacity is projected to either retire or retrofit to CCUS by 2032, while low gas prices are expected to also support natural gas with CCUS generation. Significant demand growth combined with significant capacity retirements is expected to drive the highest overall capacity buildout across scenarios. This includes new nuclear capacity, as well as hydrogen and storage capacity additions which are expected to provide dispatchable capacity to support significant amounts of new wind and solar. Overall, the MISO market is projected to generate over 90% of its energy from clean, non-CO2 emitting resources by 2043. The projected MISO-wide capacity and energy mixes over time for the AI scenario are presented in Figure 8-32.

Figure 8-32: MISO Power Market Evolution for AI Scenario



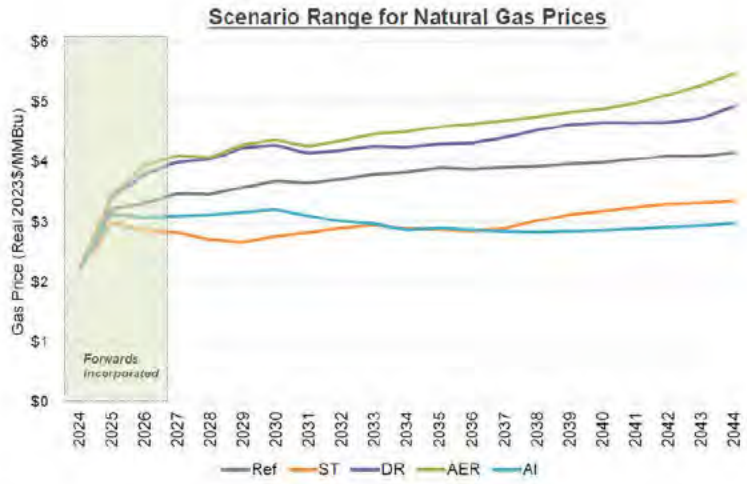
8.4.6 Scenario Comparisons

The following section provides a series of summary comparisons across all five planning scenarios to illustrate the ranges of outcomes NIPSCO has evaluated for key metrics including natural gas prices, carbon regulation, and MISO power market dynamics.

8.4.6.1 Natural Gas Prices

Figure 8-33 summarizes natural gas price projections for the Henry Hub across all five scenarios. The prices range from approximately $2.85 to $4.60/MMBtu (real 2023$) in 2035 and approximately $2.90 to $5.30/MMBtu (real 2023$) by 2043, with the AER scenario ultimately having the highest prices and AI having the lowest.

Figure 8-33: Natural Gas Price Range across Scenarios



	Henry Hub Price (in real 2023$/MMBtu)		
	2025	2035	2043
AER	$3.46	$4.59	$5.28
DR	$3.42	$4.30	$4.73
REF	$3.22	$3.90	$4.11
ST	$2.97	$2.87	$3.32
AI	$3.13	$2.90	$2.93

8.4.6.2 Carbon Regulation

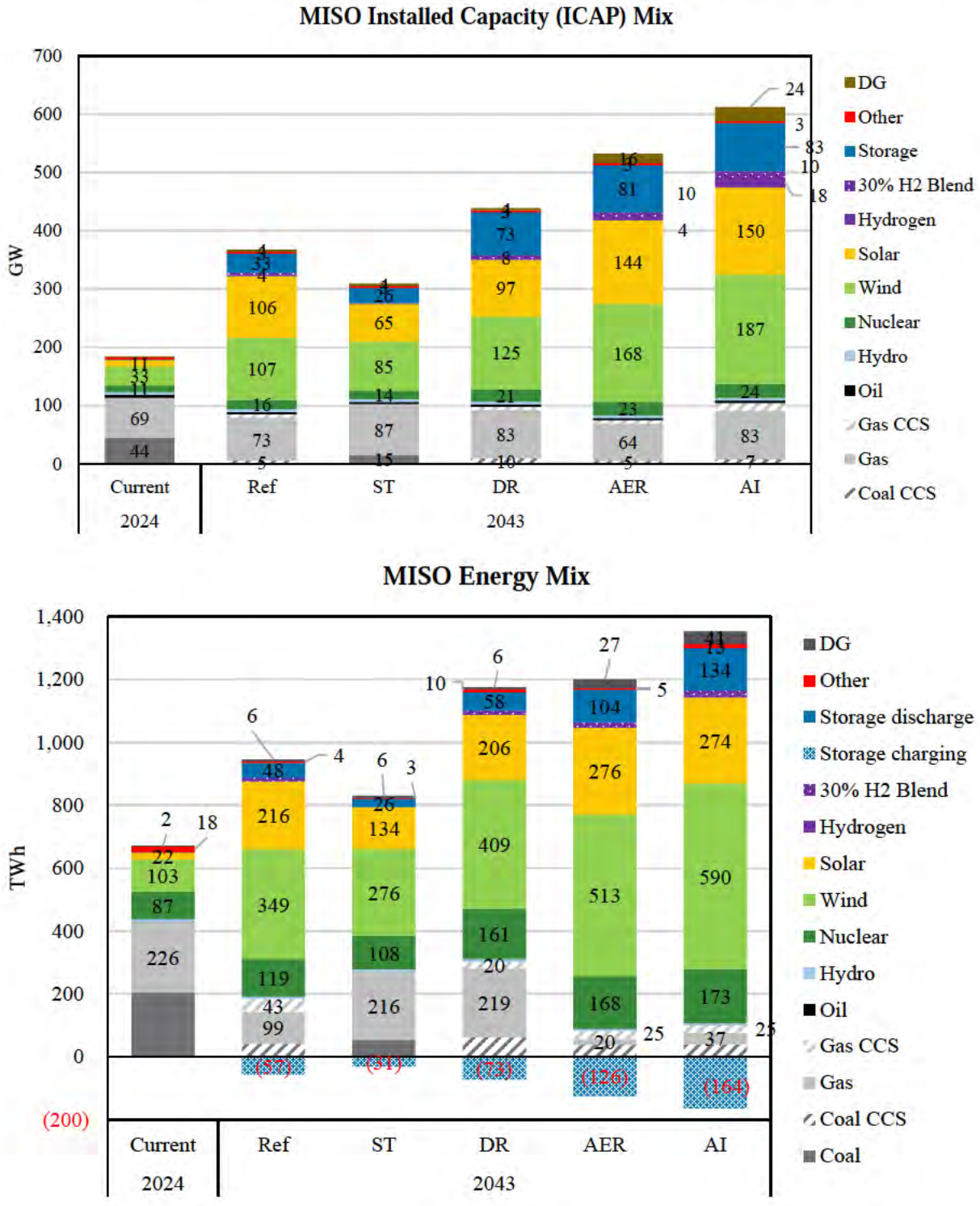
As noted earlier, NIPSCO's scenarios incorporate a range of potential carbon regulation outcomes. Four out of the five scenarios include the EPA GHG Rule, while additional bookend assumptions incorporate the possibility that carbon emissions are not regulated at the federal level over the study horizon as well as the possibility that additional regulation (modeled via a carbon price) pushes towards commitments made by the Biden Administration to limit global temperatures at 2° Celsius above pre-industrial levels by 2100.

8.4.6.3 MISO Power Market Dynamics

The MISO power market is projected to evolve very differently across NIPSCO's five planning scenarios. As discussed earlier, the Reference Case projects a steady transition away from coal capacity and energy towards renewables and, to a lesser extent, natural gas. The ST scenario projects a stronger role for fossil capacity and energy over time, while the DR scenario expects the highest overall load growth, with a significant role for a diverse set of generation technologies, including renewables, natural gas, and nuclear. Finally, the AER and AI scenarios project significant shifts towards renewables and new clean energy technologies, including nuclear, CCUS, and hydrogen. These dynamics are illustrated in Figure 8-34, which summarizes the current MISO capacity and energy mix and the projections in 2043 across all four scenarios.[145]

145 Note that storage charging MWh are shown below the zero point on the x-axis, while discharging MWh are shown towards the top of the stacked bars.

Figure 8-34: MISO Capacity and Energy Mix Outlook across Scenarios



Given the growing penetration of intermittent energy resources across all scenarios, the hourly generation profiles at the MISO market level are also projected to be significantly different across scenarios over time. This impacts the expected dispatch of various resource types and market prices at the hourly level. Figure 8-35, Figure 8-36, Figures 8-37, and Figure 8-38 all display projected hourly generation projections by resource type at the MISO level for a sample summer, winter, spring, and fall month for 2040, respectively. The figures display expected hourly output for non-dispatchable renewable and nuclear resources, along with gross and net load projections. Major seasonal observations include:

- In the summer, large ramping requirements are likely to develop in the evenings, especially in the AER, DR, and AI scenarios.
- In the winter, higher overnight loads need to be met when solar is unavailable, particularly in the AI case, with high electrification-driven winter loads.
- In the spring shoulder months, mid-day energy output from renewables could be as high as system loads, resulting in low prices and potential curtailment if not stored.

Figure 8-35: MISO Hourly Generation Projections – Summer, 2040

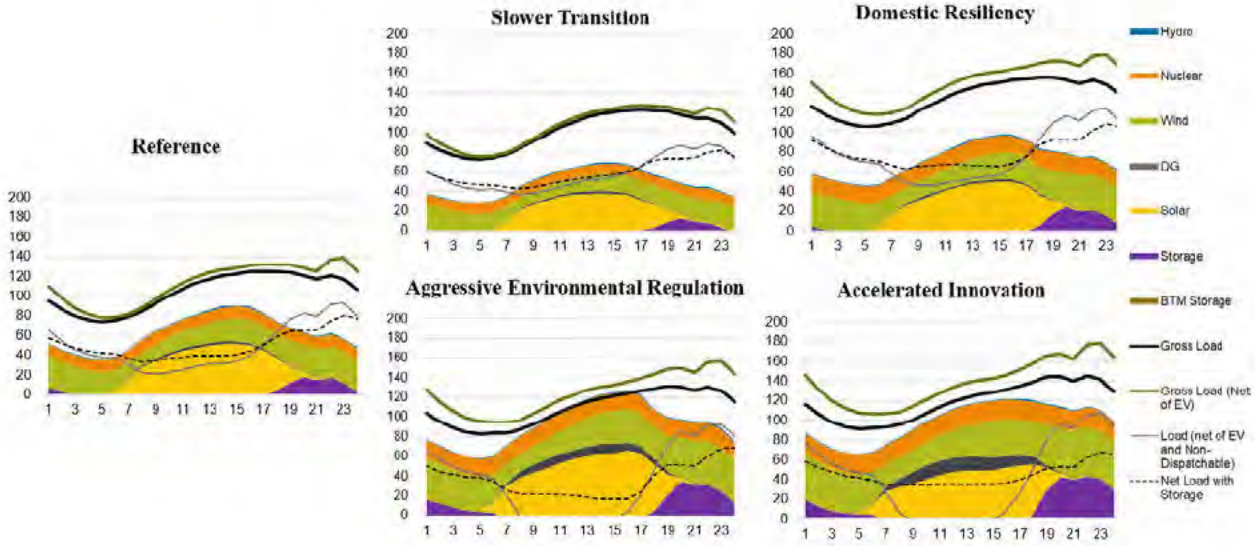


Figure 8-36: MISO Hourly Generation Projections – Winter, 2040

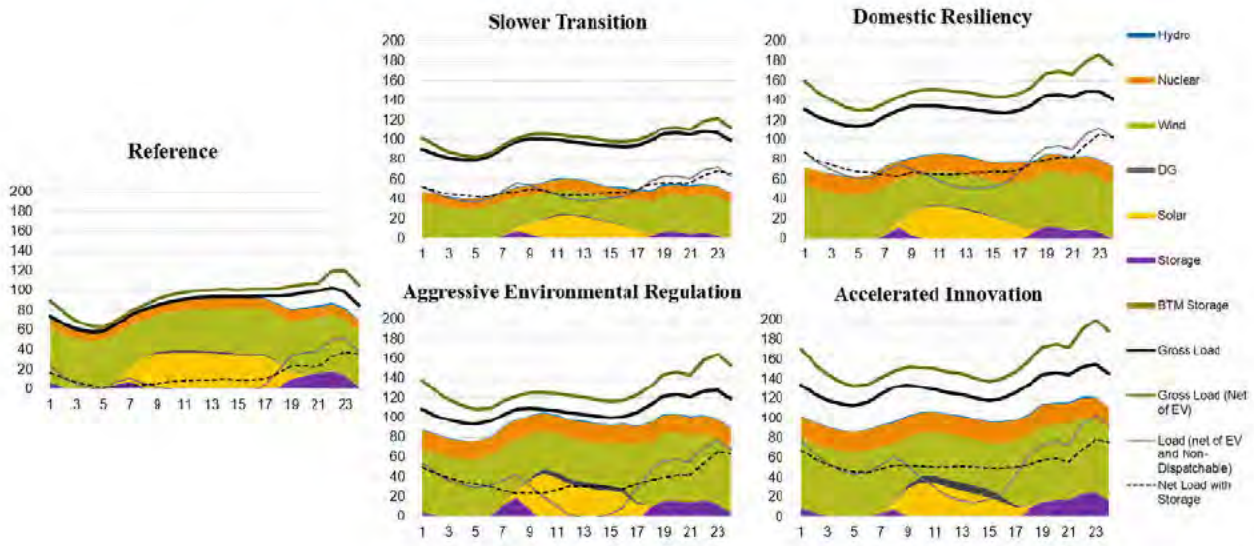


Figure 8-37: MISO Hourly Generation Projections – Spring Shoulder Month, 2040

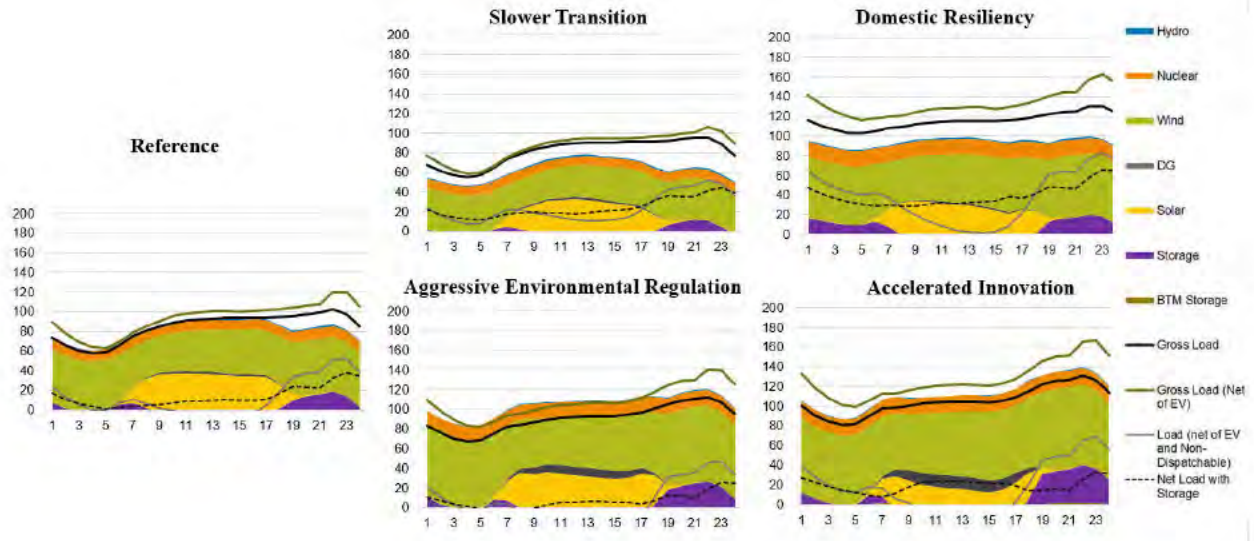
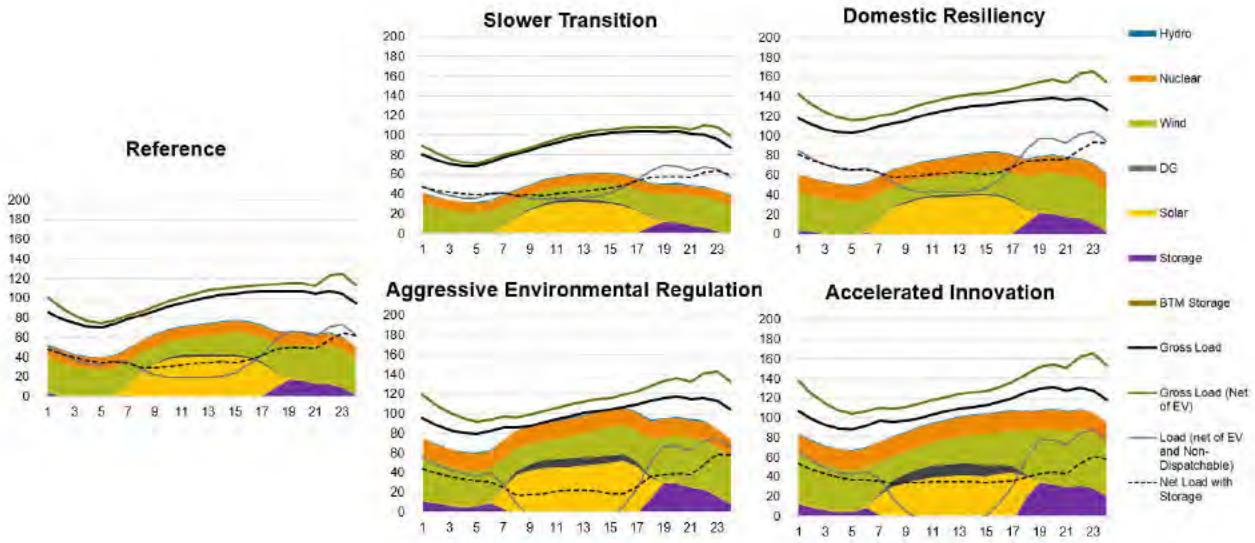


Figure 8-38: MISO Hourly Generation Projections – Fall Shoulder Month, 2040



The different energy market projections contribute to a range of outcomes for MISO-wide clean energy penetration, MISO-wide CO2 emissions, energy prices at various levels of granularity, and capacity prices.

While MISO's generation mix is currently composed of approximately 30% clean energy resources (wind, solar, hydro, other renewables, and nuclear), the four scenarios project this level to grow to between 55% to 75% by 2030 and between 65% to 90% by 2043. Figure 8-39 summarizes the projected clean energy percentages over time across scenarios.[146] Similarly, a range of carbon emission reductions across MISO are projected across the five scenarios. The MISO market has already achieved an approximate 35% reduction in CO2 emissions relative to a 2005 baseline, with an expected reduction of over 50% by 2030 across all scenarios and between 65% and 90% by 2043. This is illustrated in Figure 8-40.[147]

146 Note that the clean energy calculation is based on total MISO clean energy generation (wind, solar, hydro, other renewables, nuclear, CCS, hydrogen), adjusted for projected imports and exports, divided by MISO net load.

147 Historical data from 2005 is taken from MISO Futures documentation.

Figure 8-39: MISO Clean Energy Percentage Projections across Scenarios

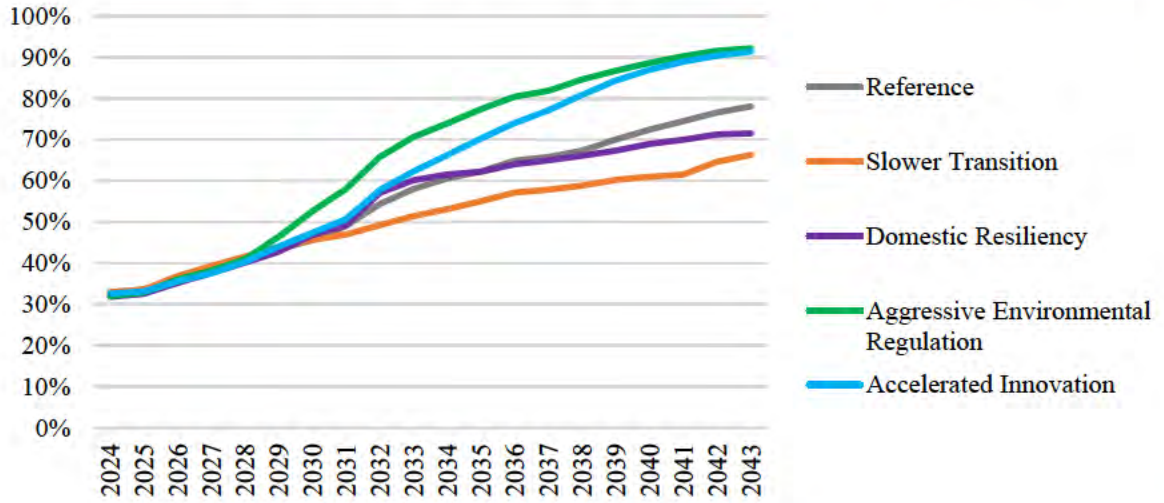
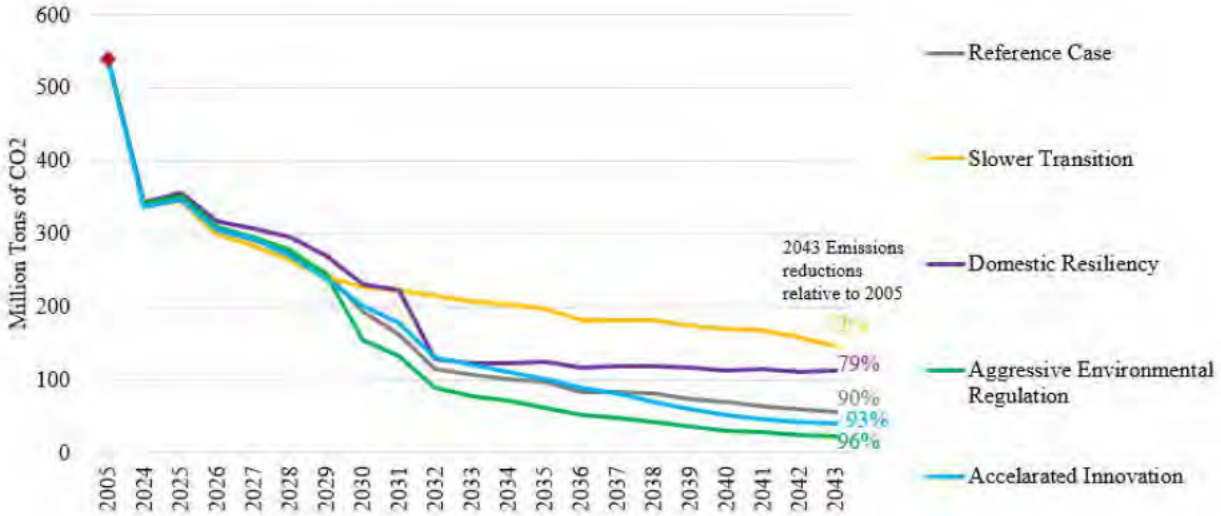
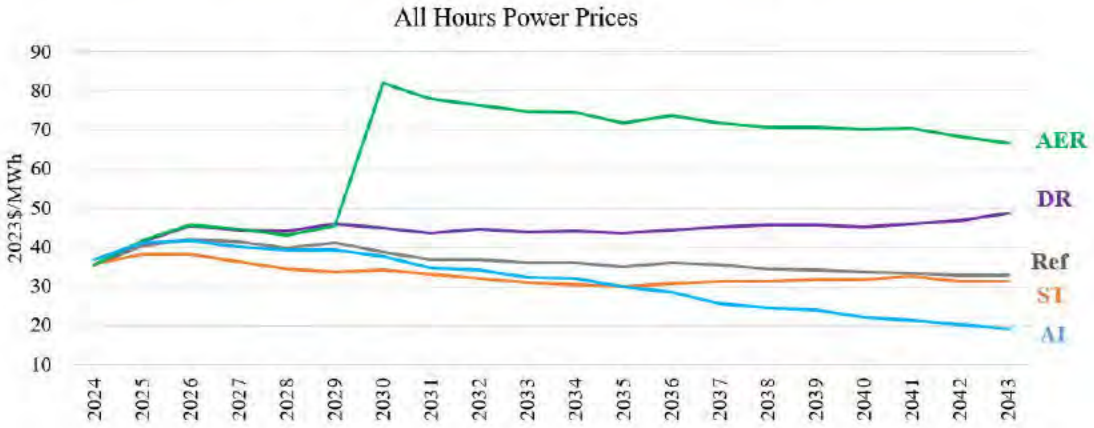


Figure 8-40: MISO CO2 Emission Reduction Projections across Scenarios



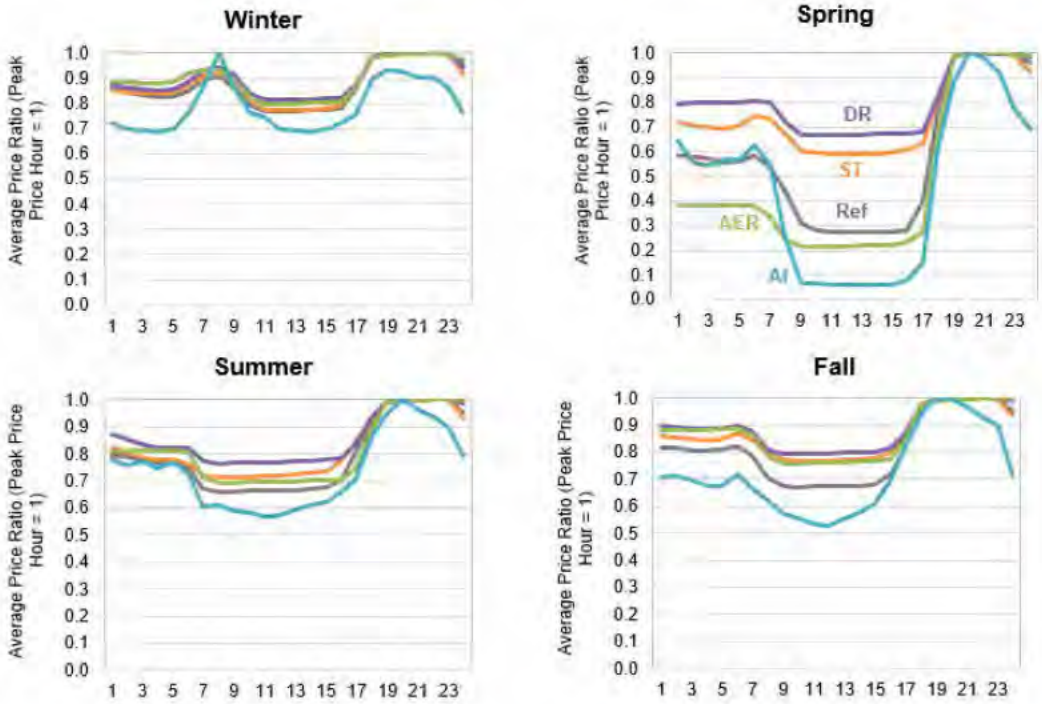
MISO energy prices are projected to vary considerably across scenarios as well. On an "all-hours" or ATC basis, the Reference Case projects prices to be relatively flat in real terms across the study period (as described above) and close to $35/MWh (real 2023$) by 2043, while the scenarios include prices that range between below $20/MWh to above $70/MWh (real 2023$) by the same time. Rising natural gas and carbon prices drive the AER scenario's prices highest, while the ST and AI scenarios have flatter pricing in real terms due to lower gas price expectations, the lack of a carbon price, and expectations for growing zero variable cost renewable energy penetration. Prices in the DR scenario are projected to decline above the Reference Case due to increasing load from industrial onshoring and other large loads, as well as higher natural gas prices. The ATC price projections across scenarios are summarized in Figure 8-41.

Figure 8-41: MISO Zone 6 ATC Power Prices across Scenarios



On an hourly basis, the shape of power prices is also likely to evolve very differently over time, particularly as growing levels of renewable energy enter the market. By 2040, all scenarios are expected to have peak hours shift later into the evening during summer months, while mid-day prices during the shoulder months (spring and fall) are expected to decline significantly as a result of solar energy penetration, particularly in the AER and AI scenarios. This dynamic is shown in Figures 8-42, which illustrates the wide range of hourly market price risk that NIPSCO is evaluating across its scenarios.

Figure 8-42: MISO Zone 6 Hourly Price Shapes by Season (2040) across Scenarios



8.5 Stochastic Modeling and Analysis

As discussed above, NIPSCO identified commodity prices, renewable generation output, and generator availability as stochastic variables for evaluation in its 2024 IRP to help assess resource adequacy metrics and tail risk cost exposure for its potential future portfolio.

8.5.1 Stochastic Analysis Motivation and Key Metrics

NIPSCO operates within the MISO market and is not its own balancing authority, meaning that it does not need to produce a portfolio that meets the desired resource adequacy target ("1-Day-in-10 Years"[148]) on its own. Rather, it benefits from integration into the broader MISO market by pooling reliability risks and responsibilities toward meeting resource adequacy targets. However, NIPSCO is committed to ensuring reliable service to its customers and recognizes that it must bring its fair share of resource adequacy to the broader MISO system. Thus, as part of its stochastic analysis for the 2024 IRP, NIPSCO has performed an assessment of the frequency and magnitude of events when it might be forced to rely on the market.

During normal operations, NIPSCO will operate the system economically and buy and sell energy on the market when it is cost-optimal to do so. However, NIPSCO may experience periods of forced market exposure when its native load is greater than its owned and contracted generating capacity, due to planned or unplanned generating outages, low renewable generation, and/or unusually high load demand. During these "pseudo-loss of load" events, NIPSO *must* rely on the market. This leaves NIPSCO potentially exposed to high market prices during these forced market exposure events and in extreme cases, exposed to loss of load events if these periods of NIPSCO stress align with periods of MISO-wide stress events.

To evaluate these risks, NIPSCO elected to employ a loss of load style study – treating NIPSCO's system as an island – to identify pseudo-loss of load events when NIPSCO is forced to rely on the MISO-market to meet its customers' electricity demand. This entails evaluation of portfolios against metrics like loss of load expectation and unserved energy, which are proxies for the frequency and magnitude of "forced market exposure" events. NIPSCO has also qualitatively compared the periods of NIPSCO system stress with the periods of stress identified by MISO in its recent loss of load studies.[149]

In addition, NIPSCO explored the impact of a sample of stochastic inputs to assess the customer cost impact of various portfolio options. Using the Monte Carlo samples generated in the stochastic analysis study, NIPSCO selected 100 representative samples to assess the 95th and 5th percentiles of customer costs for a sample year.

148 https://cdn misoenergy.org/PY%202023-2024%20LOLE%20Study%20Report626798.pdf

149 https://cdn misoenergy.org/2023%20Attributes%20Roadmap631174.pdf

8.5.2 Stochastic Modeling Approach

The stochastic analysis approach broadly encompassed the following four steps:

1. **Input data development**, including development of fundamental forecasts (as described above), and review of historical price, weather, and generator availability data (both forced and planned outages);

2. **Statistical and fundamental analysis**, including developing statistical models to generate multiple weather outcomes, including around physical climate risk; converting these weather outcomes to wind/solar generation, *future looking* load demand, and generator availability; and learning the impact of net load on the power price;

3. **Stochastic modeling**, including generating a large number of simulated commodity prices and renewable generation, load demand, and generator availability for a single study year (2030); and

4. **Portfolio analysis and results** using the stochastic models to evaluate and report key metrics for NIPSCO's integrated scorecard.

The remainder of this section provides an overview of the first three steps in the overall process, outlining the data development, analysis, and statistical model development and simulation. The portfolio analysis and results are reported in next Section.

8.5.3 Input Data Development

8.5.3.1 Fundamental Forecasts

The commodity price stochastic inputs were developed around the Reference Case natural gas and power price forecasts outlined earlier in this Section. NIPSCO's stochastic analysis for the 2024 IRP is centered on the Reference Case fundamental forecasts for natural gas and MISO power prices as described above in Section 8.2.

Historical Commodity Price Data

Historical daily average gas and power price data were gathered to observe key price characteristics and calibrate simulation model parameters to reflect realistic market price behavior. These characteristics include, but are not limited to, standard deviation, range of prices around a seasonal median price, magnitude and frequency of sudden price spikes, market heat rate, and correlation between natural gas and power prices. Historical prices from the period January 1, 2014 through December 31, 2023 were used to summarize relevant market price behavior and constrain the dataset to include only the most recent market dynamics. This limits the dataset but has the benefit of excluding data from periods of time with different natural gas fundamentals and with a MISO market generation mix that was very different than today's. The daily gas spot index

from Chicago Citygate and the day-ahead ATC price strip from the NIPSCO zone within MISO (Zone 6) were the specific pricing points used in this analysis.[150]

8.5.3.2 Historical Weather and Solar / Wind Availability Data

Historical weather data was gathered at locations of present and potential future utility scale wind and solar farms. Solar data was obtained from the NREL NSRDB[151] for weather years 2002 to 2022. The data included key meteorological descriptors including diffuse horizontal irradiance, direct normal irradiance, albedo, wind speed (meters per second) at surface level, temperature, snow depth, elevation above sea level, atmospheric pressure, and wind direction, among others. The weather data was converted to solar generation using Sandia National Laboratories' open source python-based tool pvlib-python[152]. This python-based tool takes data in the NSDRB format and provides relevant solar generation. Wind data was obtained from the NREL Wind Integration Datasets[153] for weather years 2007 to 2014. This data included wind speed and wind temperature at various elevations (i.e., 80-meter height). The weather data was converted to wind generation using publicly available power curves,[154] based on the actual or assumed turbine type.

The annual solar and wind generation were then checked to ensure the correct average annual and monthly capacity factors were achieved based on NIPSCO-specific project historical performance or future expectations. The weather data was also utilized to synthesize a representative temperature time series, wind speed at hub height time series, and wind speed at surface level using a weighted average of the various renewable sites, based on the respective installed capacities. This is a reasonable approximation to represent the weather variables as a single weighted average time series, since these values are highly correlated (correlation coefficients between .8 and .95).

The process outlined above resulted in eight historical hourly trajectories for wind generation at each wind farm location (representing historical weather years 2007 through 2014) and twenty-one historical hourly trajectories for solar availability (representing historical weather years 2002 through 2022). The NREL simulations produced reasonable annual average capacity factors for wind and for solar in the selected location (around 35-40% for a representative wind resource and around 25% for a representative solar resource).

150 Data was retrieved from S&P Global Market Intelligence: Commodity Charting Tool.

151 NREL NSRDB, https://nsrdb.nrel.gov/

152 https://github.com/pvlib/pvlib-python

153 NREL Wind Integration Datasets, https://www nrel.gov/grid/wind-integration-data html

154 Wind energy database (thewindpower net)

8.5.4 Statistical and Fundamental Analysis

Next, statistical models were developed to generate random iterations of commodity prices, generator availability, load demand, and wind/solar generation and to capture the correlations between them.

8.5.4.1 Integrating Renewable Output Uncertainty

The integration of renewable output uncertainty into NIPSCO's stochastic analysis process was an enhancement originally deployed for the 2021 IRP. Given the significant growth in intermittent renewable capacity within NIPSCO's portfolio (and the broader MISO market), incorporating the risk of renewable output uncertainty allowed NIPSCO to assess a broader range of risks associated with energy market exposure as market dynamics evolve. This 2024 IRP continues to further develop this integration of uncertainty into the IRP process to better assess the risk associated with anomalous weather conditions and unusual market prices by generating multiple synthetic weather years (and corresponding renewable generation) to stress test a wide range of weather conditions.

To generate these synthetic wind/solar shapes, statistical models were developed to simulate possible iterations using *CRA AdequacyX* – Charles River Associates' proprietary probabilistic reliability analysis tool. Importantly, CRA used recent weather data to train the probabilistic model to ensure recent weather trends, including those associated with recent local climate change impacts, are incorporated rather than relying on a 30 to 40 year history. Consistent weather data was used across processes associated with the development of wind and solar output, NIPSCO load, and thermal unit availabilities.

These weather shapes include potential annual temperature shapes and possible wind shapes at hub height. These wind speeds at hub height were mapped to the wind speed at the surface, using a machine learning model. These simulated weather conditions mapped to the respective wind and solar generation using the calibrated wind power curve and the calibrated solar power curve (pvlib) described above. Sample illustrations of the temperature, wind, and solar output profiles are shown in Figure 8-43, Figure 8-44, and Figure 8-45. The figures display the range (shown in light blue) and average outcomes generated from 100 Monte Carlo simulations. As highlighted in these figures, the exact renewable generation can vary within a given Monte Carlo iteration, but these iterations capture characteristic daily and seasonal variations.

Figure 8-43: Sample Monte Carlo Iterations for Ambient Temperature

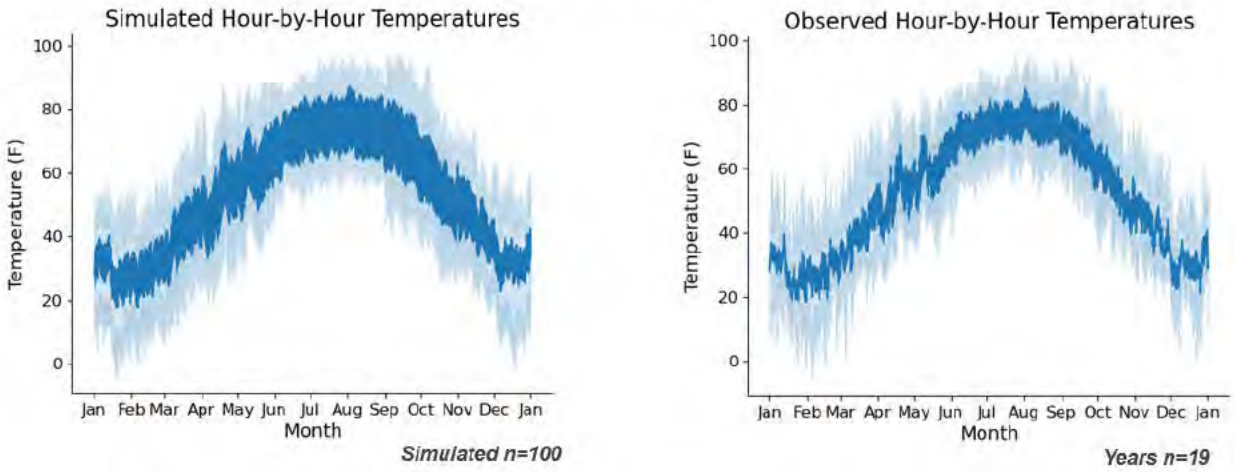


Figure 8-44: Sample Monte Carlo Iterations for Solar Generation

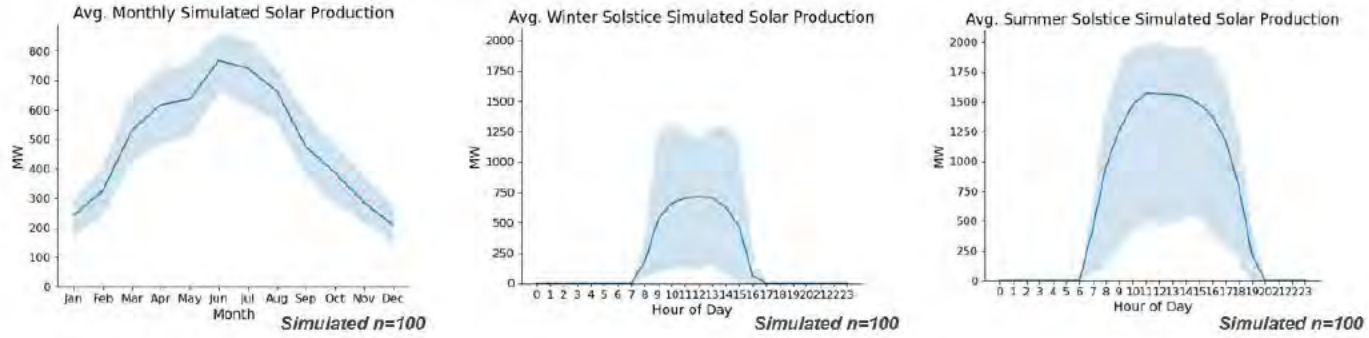
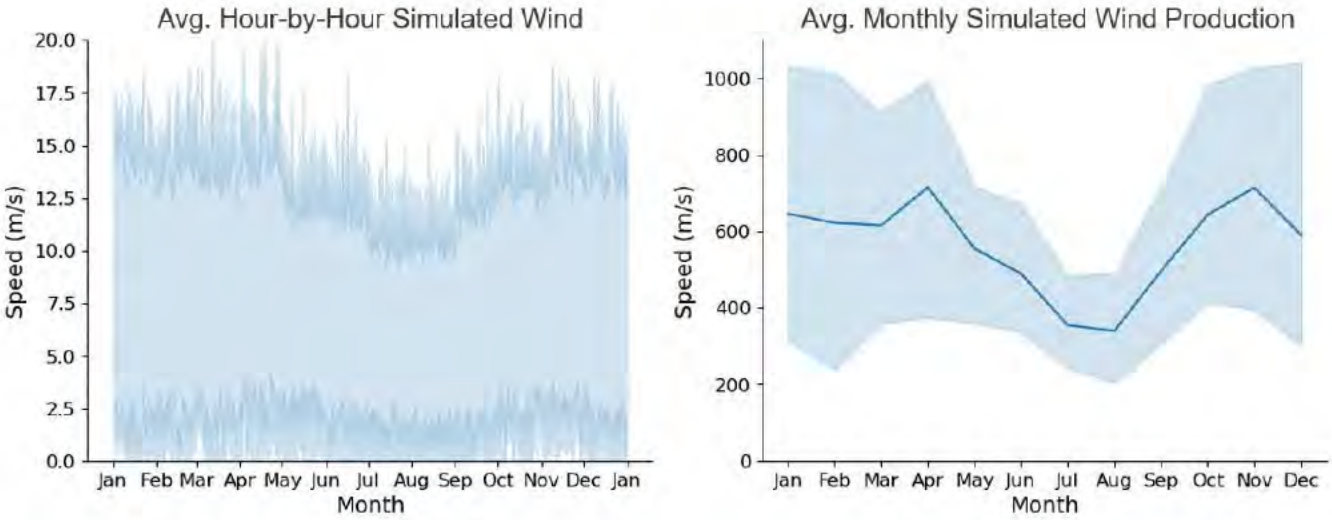


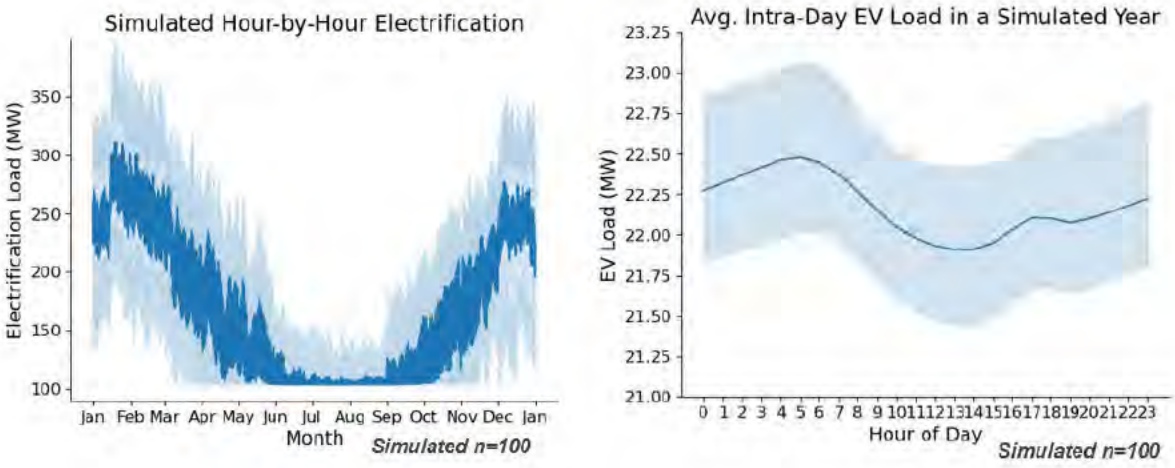
Figure 8-45: Sample Monte Carlo Iterations for Wind Speed and Generation



8.5.4.2 Integrating Load Uncertainty

In addition to driving the wind and solar generation, weather conditions greatly impact demand for electricity in NIPSCO's system. To capture these temperature impacts on demand, NIPSCO developed a regression model between HDD and CDD and load. Using this regression model, NIPSCO generated synthetic load shapes by "temperature shocking" a randomly selected historical hourly load shape (from years 2013 to 2022) by removing the temperature impact of historical temperature and adding back the predicted temperature impact of the synthetic temperature shape. NIPSCO also simulated changes occurring within the load shapes due to the addition of new technologies like electric vehicles, grid electrification, and data centers. NIPSCO developed additional regression models to model the impact of ambient temperature on the electric vehicle charging behavior and electrification (See Figure 8-46). In this manner, NIPSCO generated high-fidelity synthetic load shapes which simulate stress periods over a wide range of times and capture changing load shapes.

Figure 8-46: Sample Monte Carlo Iterations of Additional EV Charging and Demand from Electrification



8.5.4.3 Integrating Thermal Generator Availability Uncertainty

The availability of thermal resources also impacts the resource adequacy and cost exposure of NIPSCO's potential portfolios. A resource may not be available to meet the net load demand due to a planned or unplanned outage, and simulating generator availability was an enhancement for the 2024 IRP relative to previous IRPs. The planned outages were simulated using the historical outage schedules, while forced outages were simulated assuming an exponential distribution, based on the historical seasonal mean time between failure and the mean time to repair. In some regions (including MISO as a whole[155]), weather conditions have been shown to have an impact on the failure rates of generators. Some generators have been shown to be more likely to fail due to very high or very low temperature. Unlike other resources in the MISO

155 https://cdn.misoenergy.org/PY%202023-2024%20LOLE%20Study%20Report626798.pdf

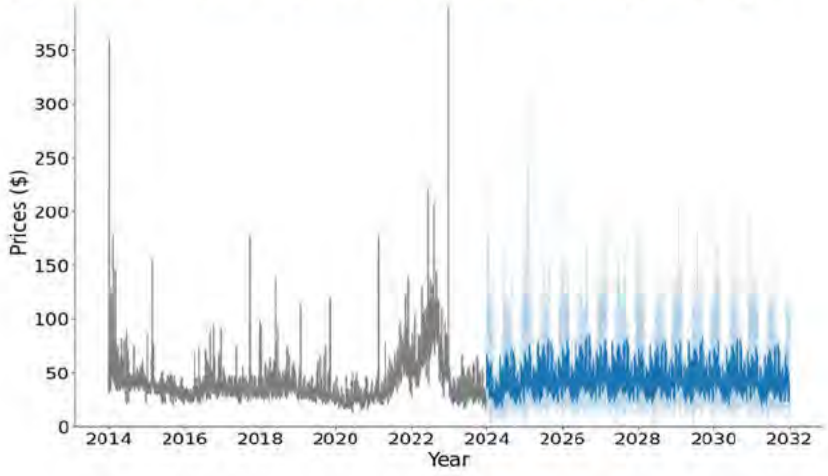
footprint, historical outages at NIPSCO's Sugar Creek natural gas combined cycle unit were not found to be correlated with temperature but were found to have seasonal variations. As such, these generator outages were simulated independently of the weather, while any additional thermal resources were modeled as matching the published MISO forced outage rates.[156]

The ambient temperature can also impact the maximum generating capacity of various technologies, and the temperature impact on the contribution of wind generation, solar generation, and natural gas-based technologies was also modeled.

8.5.4.4 Commodity Price Uncertainty using MOSEP

To develop stochastic price paths for natural gas and power prices, CRA simulated daily natural gas and power price volatility using its MOSEP model. MOSEP is a regime-switching, mean-reverting model[157] that takes as input expected paths for electricity and natural gas prices developed through the fundamental forecasting analysis described earlier in this Section. The tool's Monte Carlo engine simulates price deviations around the expected paths based on historical volatility and natural gas-power correlation to yield "actual" or "realized" price paths. The model parameters are calibrated to historical gas market and MISO power market price behavior. The distribution of possible future electricity prices that NIPSCO developed for its stochastic analysis is shown in Figure 8-47, and the distribution of possible future natural gas price iterations is shown in Figure 8-48. As illustrated, the stochastic price paths exhibit a wide range of possible outcomes and can experience short spikes in price. This is consistent with historical behavior.

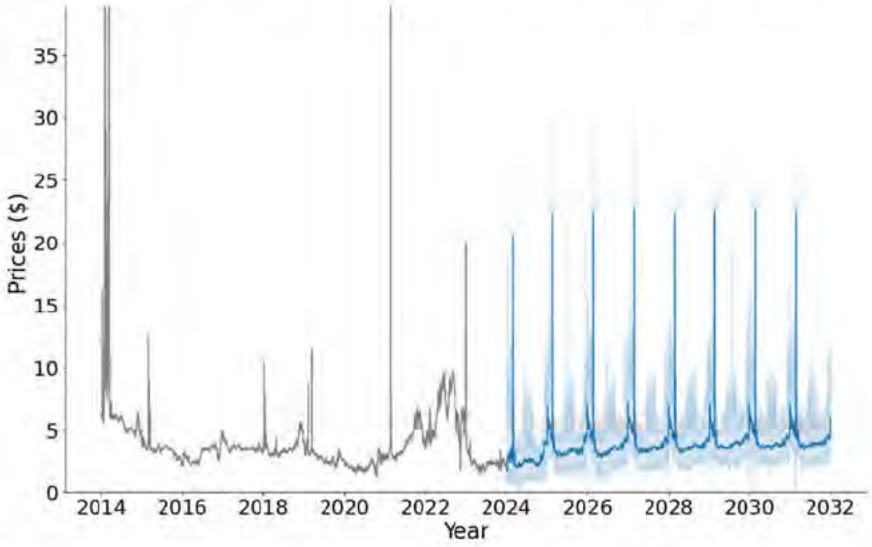
Figure 8-47: Future Electricity Price Iterations (Hourly)



156 https://cdn misoenergy.org/PY%202023-2024%20LOLE%20Study%20Report626798.pdf

157 Commodity prices have been found to exhibit a mean-reverting behavior. The regime-switching feature of the model allows for simulation of price spikes by modeling different price regimes (e.g., normal price regime, spike price regime). The simulated switching between regimes is facilitated by a transition matrix. Given the current regime, the transition matrix specifies the probabilities of staying in the current regime or moving to a different regime. The probabilities are estimated based on historical data. For references, see the following paper, on which MOSEP is based - Higgs, H. & Worthington, A. "Stochastic price modelling of high volatility, mean-reverting, spike-prone commodities: The Australian wholesale electricity market." Energy Economics, 2008.

Figure 8-48: Future Natural Gas Price Iterations (Daily)



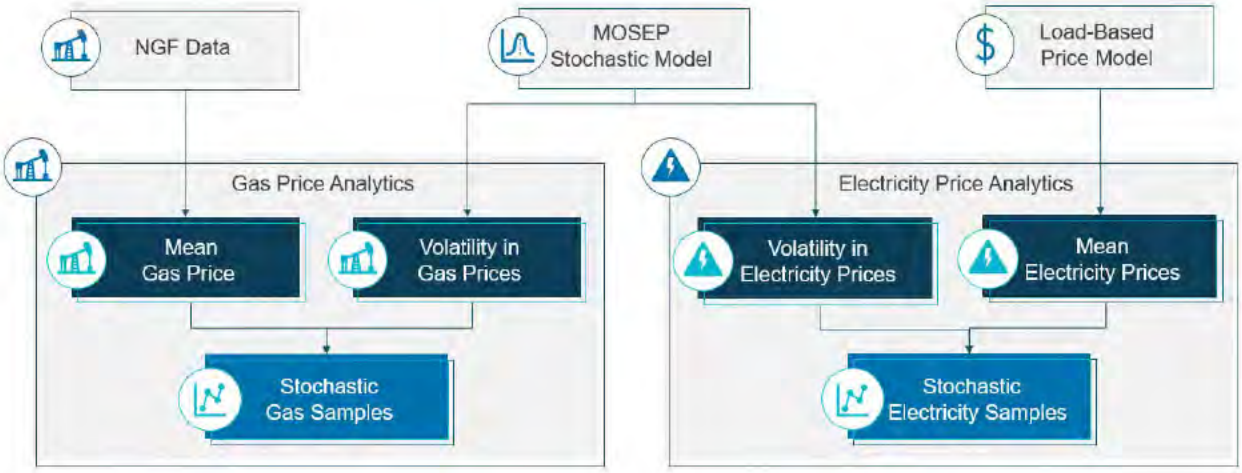
MOSEP generates its potential power prices in a manner that assumes power prices and NIPSCO's net load (load less renewable output) and the highly correlated Zone 6 net load evolve independently of each other. This assumption does not account for the fact that lower than expected net load will generally depress prices by reducing the generating capacity needs to meet the net load. Thus, an additional step was added to the analysis to capture this correlation by modifying the expected electricity price (the assumed mean in the MOSEP model), based on the NIPSCO/Zone 6 net load conditions. To this end, a machine learning model was trained to predict the Zone 6 prices as a function of the NIPSCO/Zone 6 net load, NIPSCO/Zone 6 gross load, and month of year.[158] This model was a regression model trained using the Aurora market simulations. The inputs to this model were the net load, natural gas prices, and timestamp variables from the Aurora market model, and the model's output was the Zone 6 market price.

Additionally, the expected electricity price was adjusted to account for realized conditions before feeding it into the MOSEP model.[159] This process is summarized in Figure 8-49. It is important to note that other factors – like MISO-wide net load, generator outages (both for NIPSCO and non-NIPSCO entities), congestion, and power trading – can all have a substantial impact on NIPSCO's market price (LRZ6). The impacts of these factors are captured through the deviations from the mean and random shocks simulated through the MOSEP model.

158 This machine learning model represents a "surrogate model" proxy for the computationally time-consuming Aurora model. See Koziel, S., Ciaurri, D. E., & Leifsson, L. (2011). Surrogate-based methods. Computational optimization, methods and algorithms, 33-59.

159 The predicted electricity price is shifted by the delta between the model's prediction using the percentage realized net load and the expected net load. In this manner, lower than expected net load conditions will shift electricity prices up, and lower than expected net load conditions will shift electricity prices down.

Figure 8-49: Illustration of Renewable Availability Integration in Stochastic Process



Section 9. Portfolio Analysis

9.1 Portfolio Development

9.1.1 Process Overview

As discussed in more detail in Section 2, NIPSCO performed its portfolio analysis in the context of emerging market trends associated with MISO capacity accreditation rules and GHG Rule (*See* also Section 7). As such, different portfolio concepts were evaluated across a range of capacity accreditation expectations and carbon emissions intensity limits. To develop different portfolio concepts, NIPSCO deployed least cost portfolio optimization analysis and then subjected the portfolios to a range of risks and uncertainties, as described in Section 8. To evaluate portfolios, NIPSCO used an integrated scorecard approach, as outlined in more detail in Section 2. In addition to the net present value of revenue requirements in the Reference Case, NIPSCO has also considered rate stability, carbon emissions, reliability, and local economic impact metrics. The overall process included the following major steps:

- Identify six thematic portfolio concepts based on MISO capacity accreditation rules and portfolio carbon emission intensity.
- Identify the least-cost capacity additions to fill incremental capacity needs based on the constraints within each of the six portfolio themes and based on the results from the RFP conducted by NIPSCO and other available supply-side and demand side resources (*See* Sections 4 and 5 for more detail on these resource options).
- Evaluate each portfolio in the IRP tools for each scenario and across the stochastic risk distributions (as defined in Section 8). The evaluation includes a full accounting of the variable and fixed costs of providing generation service.
- Record costs, risks, and other metrics in the integrated scorecard to identify the preferred portfolio.

Importantly, and consistent with prior NIPSCO IRPs, the process of portfolio development focuses on overall cost of each portfolio (in terms of NPVRR) and does not address cost allocation or cost recovery.

9.1.2 Portfolio Concepts

NIPSCO initially developed six portfolio concepts to highlight the two primary market trends and operational uncertainties currently facing the portfolio, as summarized in Figure 9-1:

- MISO's D-LOL rules[160], which are likely to reduce the capacity value, primarily for solar and wind resources; and
- EPA's GHG emissions rules[161], which constrain output or increase cost of new gas generation.

This framework allowed for the definition of six portfolio concepts within a two by three matrix (Portfolios A through F as shown in Figure 9-1). Portfolios were developed under expectations for market capacity accreditation under the current MISO rules and those associated with MISO's D-LOL construct and across three different carbon emission intensity levels: (i) no constraints, (ii) enforcement of capacity factor constraints on new natural gas additions, and (iii) the disallowance of any new fossil-fired resources without carbon emission controls.

Figure 9-1: Overview of Existing Fleet Portfolios



9.1.3 Portfolio Optimization Analysis

As in the 2018 and 2021 IRPs, NIPSCO's All-Source RFP provided insight into the supply and pricing of resource alternatives available to NIPSCO (*See* Section 4 for details on the process and the costs and operational parameters of the individual tranches used for evaluation). In

160 As discussed further in Section 2, MISO's D-LOL filing was approved by the Federal Energy Regulatory Commission on October 25, 2024 and is expected to be implemented in the 2028/29 planning year. NIPSCO's portfolio development process was initiated prior to this approval and included analysis based on both the D-LOL construct and the prevailing market construct prior to D-LOL implementation. Given continued lack of clarity regarding *actual* future resource accreditations under the D-LOL reforms, the "Current Market Rules" construct remains instructive with regard to the portfolio implications associated with higher resource accreditation values for certain technology types.

161 As discussed further in Section 7, the EPA's GHG rules were issued on April 25, 2024. Most importantly for NIPSCO's portfolio construction, they would place operational limits on new natural gas-fired resource additions.

addition, NIPSCO identified other resource options (*See* Section 4) and bundles of DSM resource options over time (*See* Section 5) to include in the analysis.

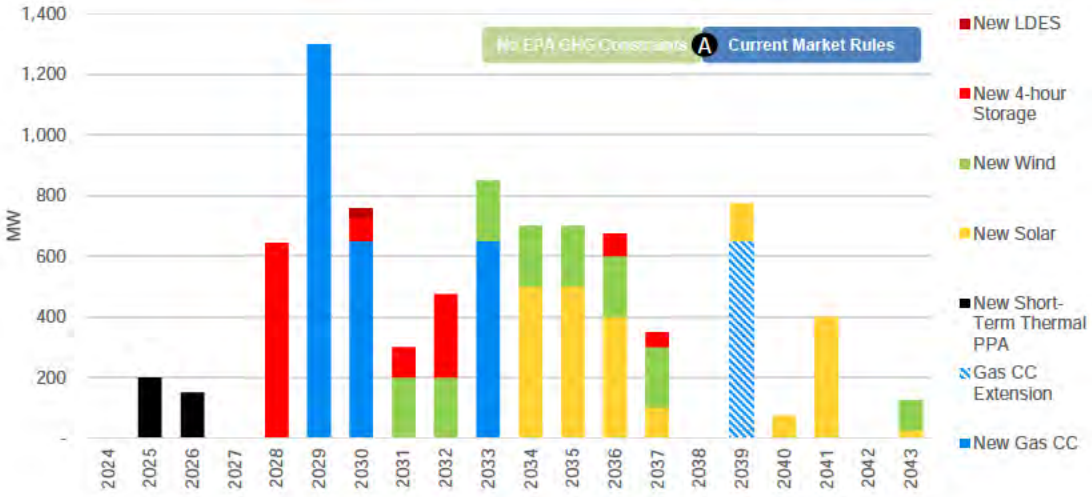
With these resource options, a least cost capacity expansion analysis was performed within Aurora's portfolio optimization tool under each of the six portfolio concepts to identify least-cost sets of new resources under Reference Case market conditions. The portfolio optimization modeling was performed to find the least cost portfolio that would simultaneously meet all MISO seasonal reserve margin requirements along with any other resource constraints.[162]

The remainder of this section documents the resource additions identified in the portfolio optimization process for each of the six portfolio themes.

9.1.3.1 Portfolio A – No EPA GHG Constraints and Current Market Rules

Portfolio A included a total of 350 MW of short-term thermal PPAs and ZRCs, 2,600 MW of combined cycle capacity (1,300 MW through 2029), 1,249 MW of new storage capacity (644 MW through 2029), 1,500 MW of wind, and 2,125 MW of solar over the twenty-year study period. Figure 9-2 provides a summary of the annual nameplate capacity resource additions for Portfolio A.

Figure 9-2: Portfolio A – Annual Resource Additions (Nameplate MW)



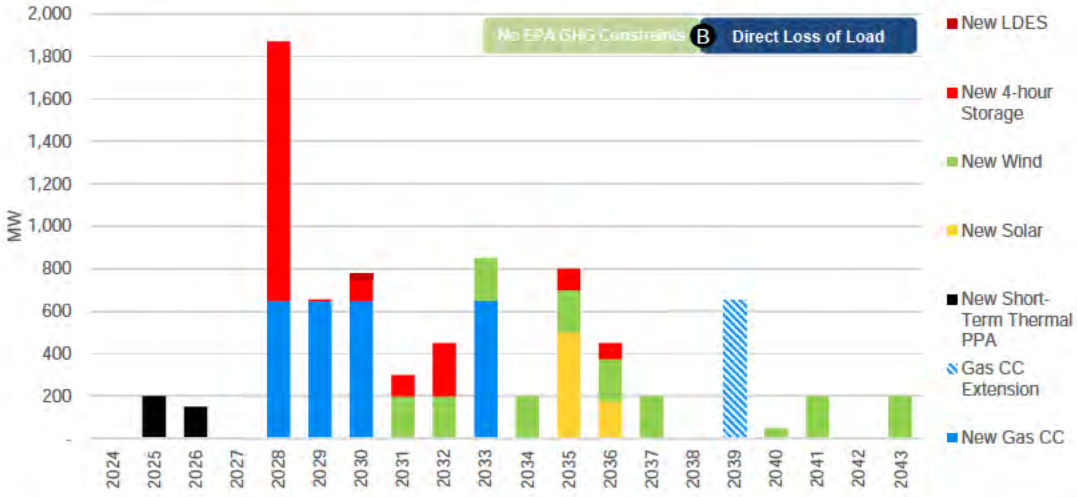
Note: The 2025 short-term PPA lasts from 2025-2027. The 2026 short-term PPA lasts from 2026-2027.

162 A maximum net energy sales limit of 10% after 2028 (after the retirement of NIPSCO's last coal-fired plant) was targeted, along with a maximum net energy purchases sales limit of 20%. The limits were ultimately input on a monthly level to coincide with the monthly capacity and reserve margin optimization that was performed.

9.1.3.2 Portfolio B – No EPA GHG Constraints and D-LOL

Portfolio B included a total of 350 MW of short-term thermal PPAs and Zonal Resource Credits ("ZRCs"), 2,600 MW of combined cycle capacity (1,300 MW through 2029), 1,882 MW of new storage capacity (1,227 MW through 2029), 1,850 MW of wind, and 675 MW of solar over the twenty-year study period. Relative to Portfolio A, Portfolio B included additional near-term storage capacity to meet near-term capacity accreditation needs under the D-LOL construct and fewer long-term solar additions. Figure 9-3Figure 9-2 provides a summary of the annual nameplate capacity resource additions for Portfolio B.

Figure 9-3: Portfolio B – Annual Resource Additions (Nameplate MW)

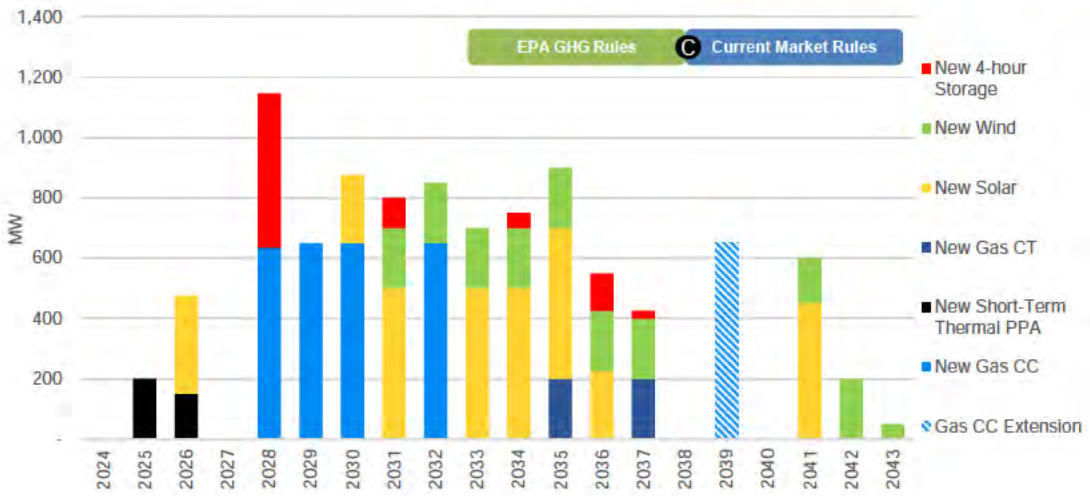


Note: The 2025 short-term PPA lasts from 2025-2027. The 2026 short-term PPA lasts from 2026-2027.

9.1.3.3 Portfolio C – EPA GHG Rules and Current Market Rules

Portfolio C included a total of 350 MW of short-term thermal PPAs and ZRCs, 2,585 MW of combined cycle capacity (1,285 MW through 2029), 400 MW of natural gas peaking capacity, 811 MW of new storage capacity (511 MW through 2029), 1,800 MW of wind, and 3,235 MW of solar (335 MW through 2029) over the twenty-year study period. Relative to the No EPA GHG constraints portfolios, Portfolio C included significantly more solar additions as a result of the EPA rules combined with more favorable capacity accreditation than what is assumed under the D-LOL construct. Figure 9-4 provides a summary of the annual nameplate capacity resource additions for Portfolio C.

Figure 9-4: Portfolio C – Annual Resource Additions (Nameplate MW)

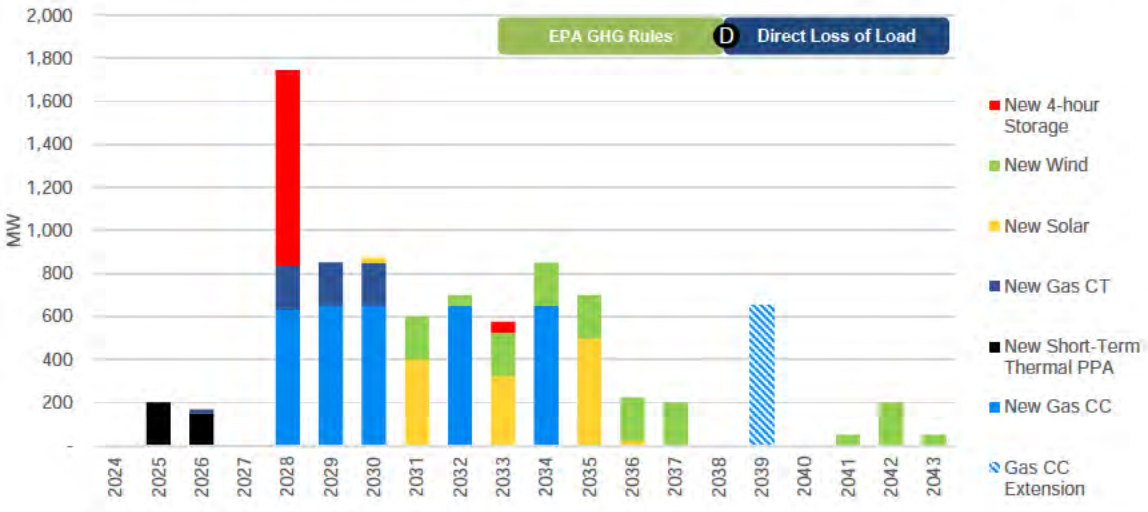


Note: The 2025 short-term PPA lasts from 2025-2029. The 2026 short-term PPA lasts from 2026-2030.

9.1.3.4 Portfolio D – EPA GHG Rules and D-LOL

Portfolio D included a total of 350 MW of short-term thermal PPAs and ZRCs, 3,235 MW of combined cycle capacity (1,285 MW through 2029), 618 MW of natural gas peaking capacity, (418 MW through 2029), 959 MW of new storage capacity (909 MW through 2029), 1,550 MW of wind, and 1,275 MW of solar over the twenty-year study period. Relative to Portfolio C, Portfolio D included additional near-term storage and natural gas peaking capacity to meet near-term capacity accreditation needs under the D-LOL construct. Figure 9-5Figure 9-2 provides a summary of the annual nameplate capacity resource additions for Portfolio D.

Figure 9-5: Portfolio D – Annual Resource Additions (Nameplate MW)

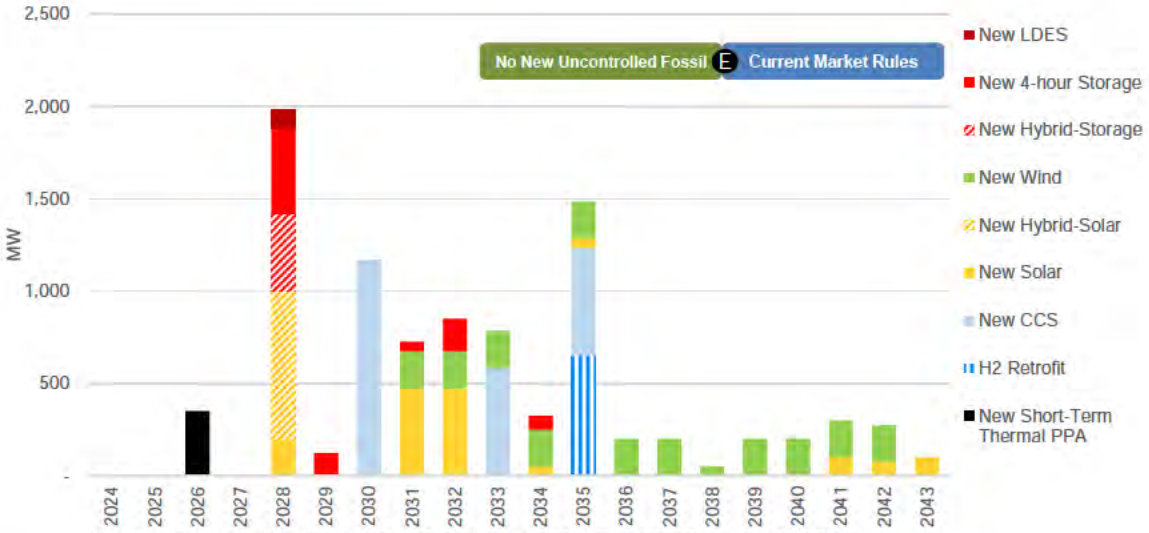


Note: The 2025 short-term PPA lasts from 2025-2029. The 2026 short-term PPA lasts from 2026-2030.

9.1.3.5 Portfolio E – No New Uncontrolled Fossil and Current Market Rules

Portfolio E included a total of 350 MW of short-term thermal PPAs and ZRCs, 2,340 MW of combined cycle capacity with CCUS in 2030 and beyond, 1,409 MW of new storage capacity (1,109 MW through 2029), 2,250 MW of wind, and 2,322 MW (997 MW through 2029) of solar over the twenty-year study period.[163] Relative to the other portfolios, Portfolio E included significant solar and storage through 2029 to meet growing energy needs without availability of new thermal resources without environmental controls until 2030 and beyond. Figure 9-6 provides a summary of the annual nameplate capacity resource additions for Portfolio E.

Figure 9-6: Portfolio E – Annual Resource Additions (Nameplate MW)



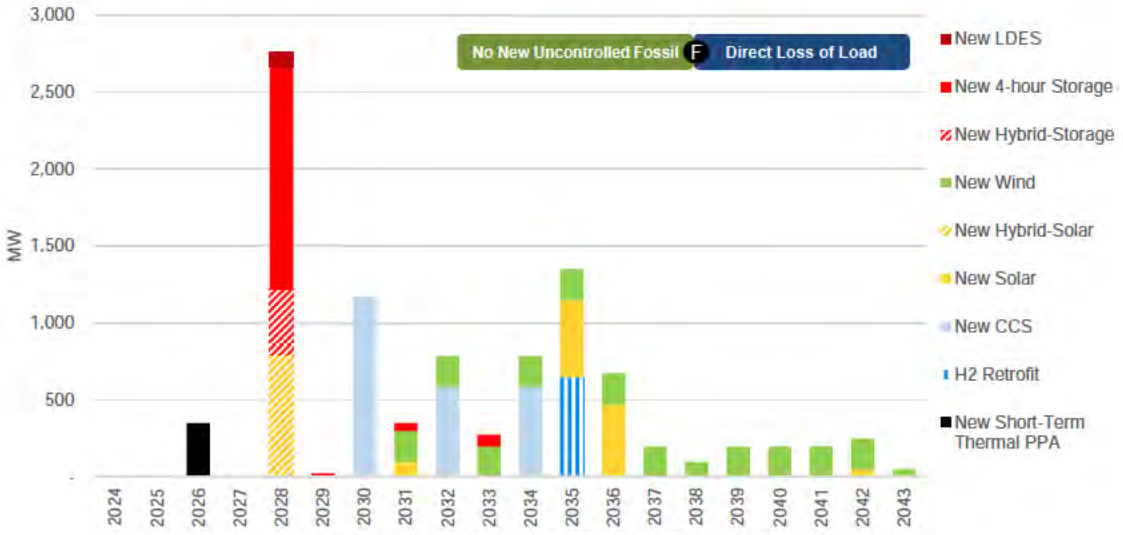
Note: There are two short-term PPAs in 2026. 200 MW lasts from 2026-2029. and 150 MW lasts from 2026-2030.

9.1.3.6 Portfolio F – No New Uncontrolled Fossil and D-LOL

Portfolio F included a total of 350 MW of short-term thermal PPAs and ZRCs, 2,340 MW of combined cycle capacity with CCUS in 2030 and beyond, 2,111 MW of new storage capacity (1,986 MW through 2029), 2,350 MW of wind, and 1,922 MW (797 MW through 2029) of solar over the twenty-year study period. Relative to the Portfolio E, Portfolio F included significantly more near-term storage additions to meet near-term capacity accreditation needs under the D-LOL construct. Figure 9-7 provides a summary of the annual nameplate capacity resource additions for Portfolio F.

163 Note that both Portfolio E and Portfolio F included the assumed conversion of NIPSCO's existing Sugar Creek combined cycle facility to burn high blends of hydrogen fuel, starting in 2035. See Section 4 for additional information on hydrogen fuel cost assumptions.

Figure 9-7: Portfolio F – Annual Resource Additions (Nameplate MW)



Note: There are two short-term PPAs in 2026. 200 MW lasts from 2026-2029, and 150 MW lasts from 2026-2030.
**Credit represents seasonal capacity accreditation values for PY 2033 for illustration purposes.*

9.1.4 Additional Portfolio Variants

After the development of Portfolios A-F, NIPSCO identified the need to develop two additional portfolio concepts to assess potential portfolio variants that would allow new fossil resource additions without emission controls at the initial construction in the near-term, but still achieve net zero by 2040. These variants included:

- Portfolio "D_CCUS"
  - Preserved the optimized expansion plan from original inputs and constraints.
  - Assumed future CCUS retrofit on up to 2,000 MW of new combined cycle capacity over the 2035-2037 time period.
  - Assumed remaining combined cycle capacity is retrofit to burn up to 100% hydrogen over the long-term.
- Portfolio "D_H2"
  - Preserved optimized expansion plan from original inputs and constraints.
  - Assumed all combined cycle capacity is retrofit to burn up to 100% hydrogen over the long-term.

Figure 9-8 illustrates the cumulative new capacity additions for all six portfolio concepts (A-F) plus the additional "D variants" through 2043, while Figure 9-9 shows the projected energy mix for the eight portfolios in the same year in the Reference Case.

Figure 9-8: Resource Additions across all Portfolios – Cumulative Nameplate Capacity through 2043

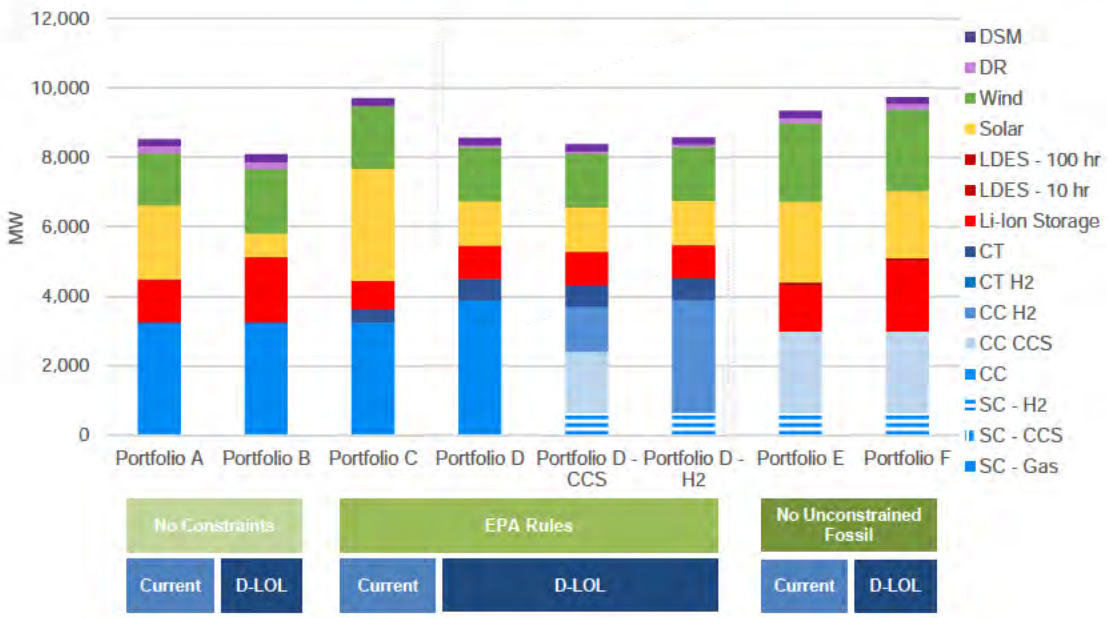
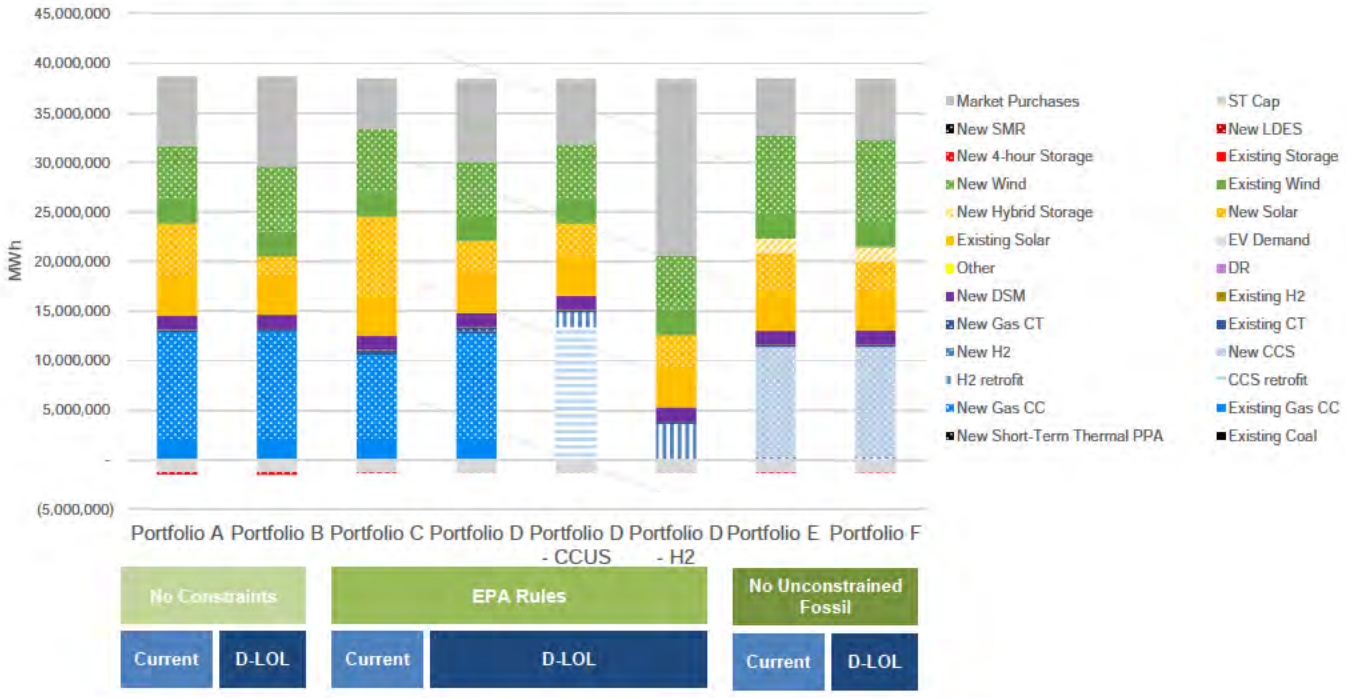


Figure 9-9: Projected Energy Mix across All Portfolios – 2043



9.1.5 DSM Program Selection

As described in detail in Section 5, NIPSCO's portfolio optimization analysis incorporated EE and DR bundles for selection. Overall, most EE bundles were selected across the portfolios. In particular, the Low/Medium cost Residential and Commercial and Industrial bundles were nearly always selected across all planning periods. However, the high Residential and Behavioral bundles were observed to be more marginal, but still selected across many years and portfolios. In general, more EE was selected in Portfolios C, D, E, and F relative to Portfolios A and B. This is primarily a result of greater energy savings need under conditions when the EPA GHG Rules and their consequent limits on new combined cycle capacity factors are in place. A full summary of EE selection by program bundle and time period across all portfolios is summarized in Figure 9-10.

Figure 9-10: Energy Efficiency Selection across Portfolios

Program	Portfolio A			Portfolio B			Portfolio C			Portfolio D			Portfolio E			Portfolio F		
	'27-'29	'30-'32	'33-'46	'27-'29	'30-'32	'33-'46	'27-'29	'30-'32	'33-'46	'27-'29	'30-'32	'33-'46	'27-'29	'30-'32	'33-'46	'27-'29	'30-'32	'33-'46
Res (Low/Med)	o	x	x	o	x	x	o	o	x	x	x	x	x	x	x	x	x	x
Res (High)	o	o	o	o	x	x	x	o	x	x	x	o	o	o	o	x	x	o
Res (Behavioral)	o	o	x	x	o	x	x	x	x	x	x	x	x	o	x	o	x	x
C&I	o	x	x	o	x	x	x	x	x	x	x	x	x	x	x	x	x	x
IQW	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
IQHear	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x

X = Selected
O = Not Selected

On the DR side, the Behavioral, data center, C&I, and dynamic rates programs were most often selected across portfolios. The thermostat program was selected in Portfolios A and B, while the water heater, EV managed charging, and BTM storage programs were not selected at all. In general, less DR was selected in Portfolios C and D relative to the others, given greater amounts of alternative resources needed for both energy and capacity needs in those portfolios. A full summary of DR selection by program bundle across all portfolios is summarized in Figure 9-11.

Figure 9-11: Demand Response Selection across Portfolios

Program	Portfolio A	Portfolio B	Portfolio C	Portfolio D	Portfolio E	Portfolio F
RAP Thermostats	X	X	O	O	O	O
RAP Water Heaters	O	O	O	O	O	O
RAP Behavioral	X	X	X	X	X	X
RAP Dynamic Rates	X	X	O	O	X	X
RAP EV Managed Charging	O	O	O	O	O	O
RAP BTM Storage	O	O	O	O	O	O
RAP C&I	X	X	O	O	X	X
RAP Data Center	X	X	O	X	X	X

X = Selected
O = Not Selected

Overall, Figure 9-12 summarizes the nameplate capacity additions and other resource additions and changes for all of the portfolios through 2043.

Figure 9-12: Summary of Incremental Resource Additions across Portfolios

	A	B	C	D (all)	E	F
MISO Capacity Rules	Current	D-LOL	Current	D-LOL	Current	D-LOL
EPA GHG rule constraints (capacity factor)	None	None	CCGT<40%	CCGT<40%	CCGT<40%	CCGT<40%
New gas emissions controls	None	None	None	Late 2030s	At Start-up	At Start-up
Wind	1,500	1,850	1,800	1,550	2,250	2,350
Solar	2,125	675	3,225	1,275	2,322	1,922
Storage[1]	1,250	1,885	811	959	1,410	2,111
Gas CCGT	2,600	2,600	2,588	3,240		
Gas Peaking			400	620		
Gas CCGT w/CCUS					2,340	2,340
Sugar Creek	Extend on Gas	Extend on Gas	Extend on Gas	H2 (or CCUS) Retrofit	H2 Retrofit	H2 Retrofit
DR / DSM[2]	400	430	230	270	365	365
Total ICAP Additions (excl. DSM/DR)	7,475 MW	7,010 MW	8,824 MW	7,641 MW	8,322 MW	8,723 MW
2035 Supply-Demand Capacity Gap (Summer)	~3,500 MW	~4,000 MW	~3,500 MW	~4,000 MW	~3,500 MW	~4,000 MW

[1] *Includes both 4-hour Lithium-Ion and long-duration storage*
[2] *DR/DSM addit ons calculated as peak capacity contribution in summer of 2043*

9.2 Portfolio Evaluation – Scorecard Metrics

In order to evaluate the performance of the eight portfolios, NIPSCO developed a scorecard of objectives, indicators, and key metrics. As illustrated in Figure 9-13, these objectives and metrics included:

- Cost to customer metrics associated with the NPVRR over 10- and 30-year time periods under Reference Case conditions.
- Risk metrics associated with cost certainty across scenarios and across the distribution of stochastic uncertainty variables: cost risk was measured at the 95th percentile and lower cost opportunity was measured at the 5th percentile.
- Environmental sustainability was measured with the carbon emission intensity of the portfolio over the 2024-2040 time period.
- Reliability was measured through a probabilistic risk assessment to measure "forced market exposure" risk and via reporting of the amount of new capacity in the portfolio able to respond within 30 minutes.
- Positive social and local economic impacts were measured through tracking the net present value of property taxes paid as a result of the generation portfolios.

Figure 9-13: Scorecard Metrics

Objectives	Indicators	Metrics
Affordability	**Cost to Customer**	• Near-term and long-term Impact to customer bills • Metric: 10-year and 30-year NPV of revenue requirement (Reference Case scenario deterministic results)
Rate Stability	**Cost Certainty**	• Certainty that revenue requirement within the most likely range of outcomes • Metric: Scenario range NPVRR
	Cost Risk	• Risk of unacceptable, high-cost outcomes • Metric: 95th%-50th% cost risk from probabilistic analysis
	Lower Cost Opportunity	• Potential for lower cost outcomes • Metric: 50th%-5th% cost risk from probabilistic analysis
Environmental Sustainability	**Carbon Emissions**	• Carbon intensity of portfolio • Metric: Cumulative carbon emissions / cumulative generation (2024-40 short tons/MWh of CO2)
Reliable, Flexible, and Resilient Supply	**Reliability, Flexibility**	• The ability of the portfolio to provide reliable and flexible supply for NIPSCO in light of evolving market conditions and rules • Metric: Loss of Load Expectation proxy ("Forced market exposure") metrics for NIPSCO system from probabilistic reliability analysis • Metric: Capacity able to respond within 30 mins
Positive Social, & Economic Impacts	**Local Investment in Economy**	• The effect on the local economy from new projects and ongoing property taxes and targeted investment • Metric: NPV of property taxes from the entire portfolio

9.3 Portfolio Evaluation – Analysis Results

9.3.1 Reference Case Customer Cost Results

The eight portfolios were all evaluated within the core IRP modeling tools (*See* Section 2 for more detail) to estimate revenue requirements for each over time. The assessment was first performed across the Reference Case set of market assumptions and inputs to calculate baseline projections of the NPVRR over the thirty-year planning horizon, which are summarized in Figure 9-14. Key observations under the Reference Case market conditions include:

- Implementation of D-LOL will likely drive more capacity additions and raise portfolio costs. Over the 30-year NPVRR period, portfolio costs are projected to be ~$450-500 million higher in Portfolios B and D relative to A and C; a similar cost increase is evident over the initial 10 years of the study period as well, due to additional near-term capacity needs.

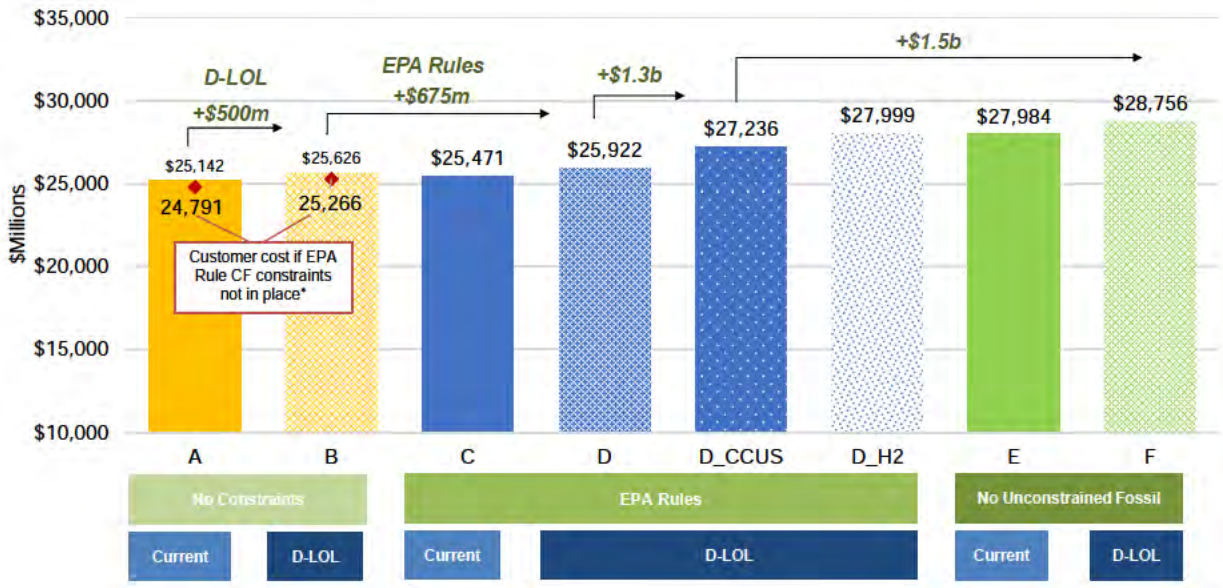
- Customer costs are projected to be higher in Portfolios C/D relative to Portfolios A/B due to new EPA GHG rules. The level of cost premium is around $675 million in NPVRR assuming no constraints on combined cycle operation under Reference Case market conditions. If the optimized portfolios were held to the 40% capacity factor constraints, available energy market purchases would still result in lower costs for A and B relative to C and D.

- With the assumed load growth, a cost premium is associated with meeting net zero goals and restricting new fossil resources to only those with emission controls. Assuming no technology cost and performance risk with CCUS and assuming full monetization of all 45Q tax credits:

    - There is a ~$1.3 billion 30-year NPVRR premium associated with meeting NIPSCO's 2040 net zero goal with CCUS and H2 relative to continuing to operate Portfolio D with combined cycle additions and no subsequent retrofits.

    - There is an incremental ~$1.5 billion 30-year NPVRR premium associated with restricting new fossil resources to only those with emission controls (Portfolio F). Over the first 10 years, the incremental NPVRR impact is about $300 million.

Figure 9-14: Reference Case Cost to Customer (30-year NPVRR – millions of $)



9.3.2 Scenario Customer Cost Results

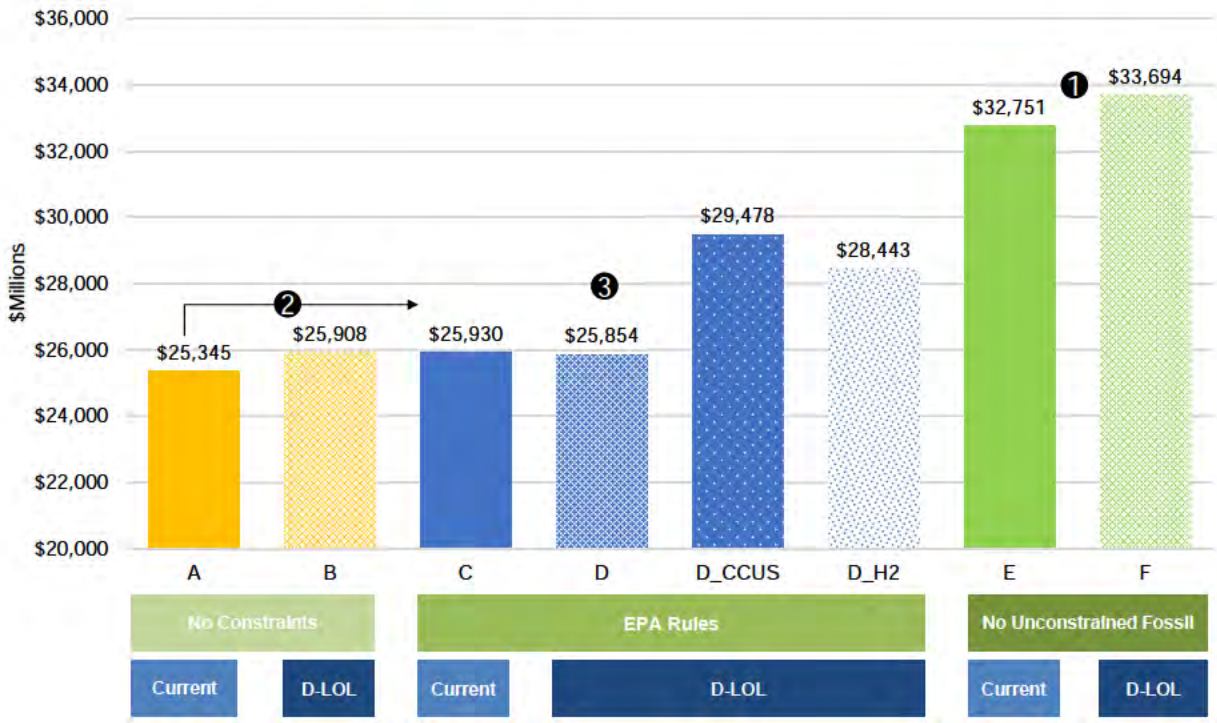
In addition to the analysis under Reference Case conditions, NIPSCO also evaluated each portfolio against each scenario, as described earlier in Section 8. Under the Slower Transition scenario, relative to the Reference Case, as shown in Figure 9-15:

1. Costs for Portfolios that rely heavily on federal tax credits for significant clean energy additions (E, F, and D_CCUS) face the largest cost increases.

2. The premium associated with Portfolio C (developed under EPA Rule constraints) relative to Portfolio A decreases when both portfolios are not subject to capacity factor constraints.

3. Portfolio D (with an additional CCGT built under D-LOL) is lower cost than Portfolio C, given no constraints on capacity factor and lower gas prices.

Figure 9-15: Slower Transition Scenario Cost to Customer (30-year NPVRR – millions of $)



Under the Domestic Resiliency scenario, relative to the Reference Case, as shown in Figure 9-16:

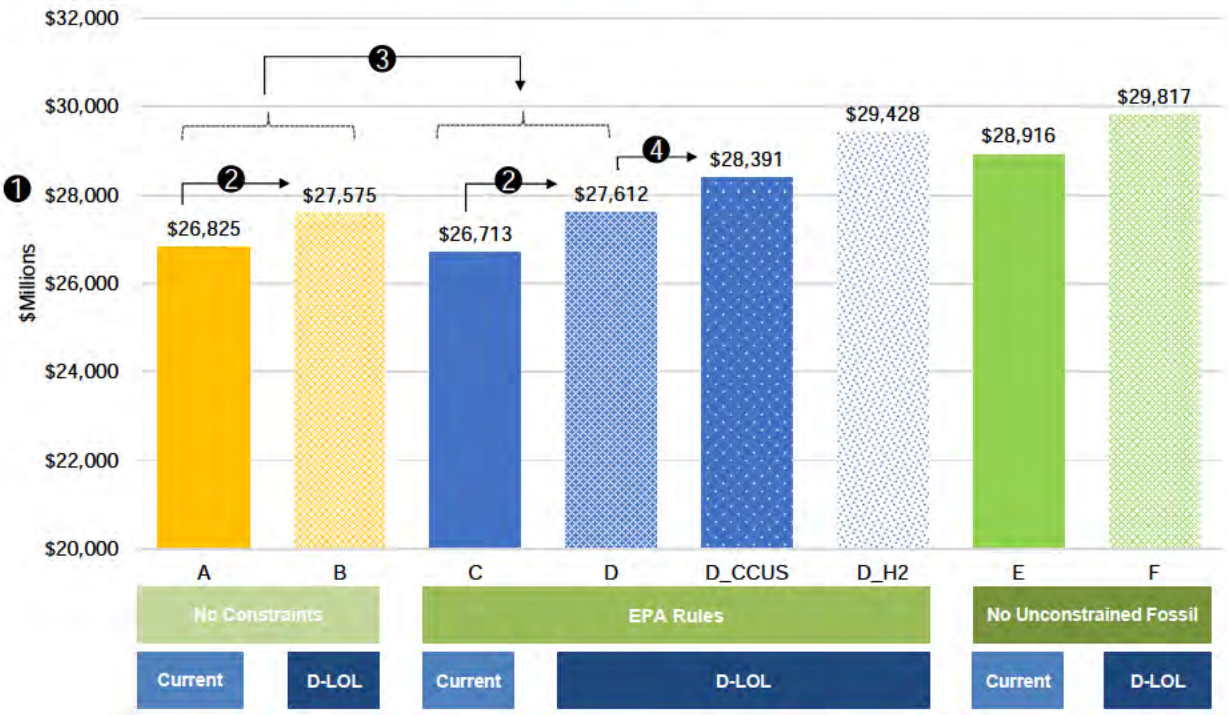
1. Overall portfolio costs are higher, driven by elevated natural gas and power prices.

2. There is a greater premium associated with D-LOL portfolios, as they have fewer renewable additions and are more exposed to higher gas and power prices.

3. The cost premium for portfolios constructed under EPA Rules (Portfolios C/D) is lower, as the cost of market purchases for Portfolios A/B is higher. Portfolio C is lower cost than A.

4. The cost premium for Portfolio D_CCUS relative to Portfolio D is lower, as higher MISO prices advantage high CCUS capacity factors relative to CCGT capped at 40% CF.

Figure 9-16: Domestic Resiliency Scenario Cost to Customer (30-year NPVRR – millions of $)



Under the Aggressive Environmental Regulation scenario, relative to the Reference Case, as shown in Figure 9-17:

1. Overall portfolio costs are significantly higher, driven by higher natural gas prices and implementation of a CO2 price.

2. Costs for portfolios optimized without EPA Rules are higher than those optimized with the rules in place: Portfolio A/B higher cost than Portfolio C/D.

3. Portfolios E and F are lower cost than Portfolios A/B and Portfolios C/D due to the high CO2 price in the AER scenario.

4. Hydrogen optionality lowers long term costs for the Portfolio D variants when natural gas and carbon prices are high. Both are lower cost than Portfolio F.

Figure 9-17: Aggressive Environmental Regulation Scenario Cost to Customer (30-year NPVRR – millions of $)

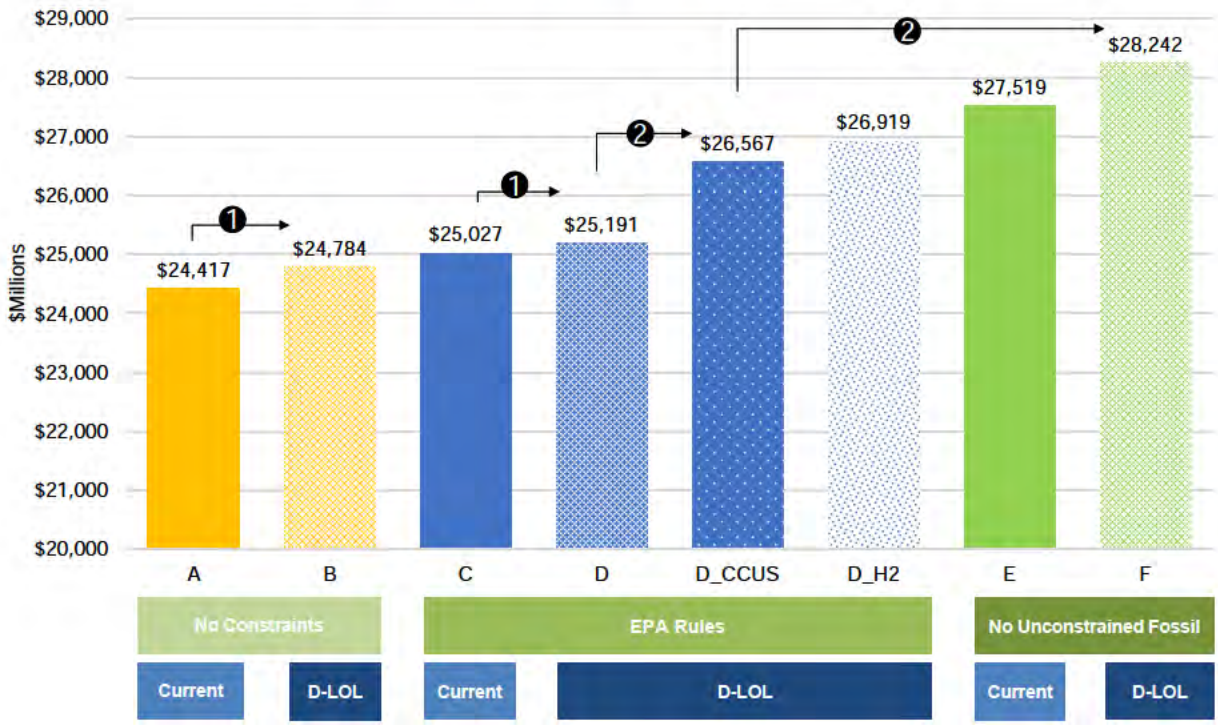


Under the Accelerated Innovation scenario, relative to the Reference Case, as shown in Figure 9-18:

1. Higher overall load growth increases costs for portfolios with fewer capacity additions (Portfolio A and Portfolio C) relative to those with more (Portfolio B and Portfolio D), and the "D-LOL premium" is narrower.

2. Lower long-term natural gas prices slightly increase the premium associated with the portfolios that move towards net zero by 2040.

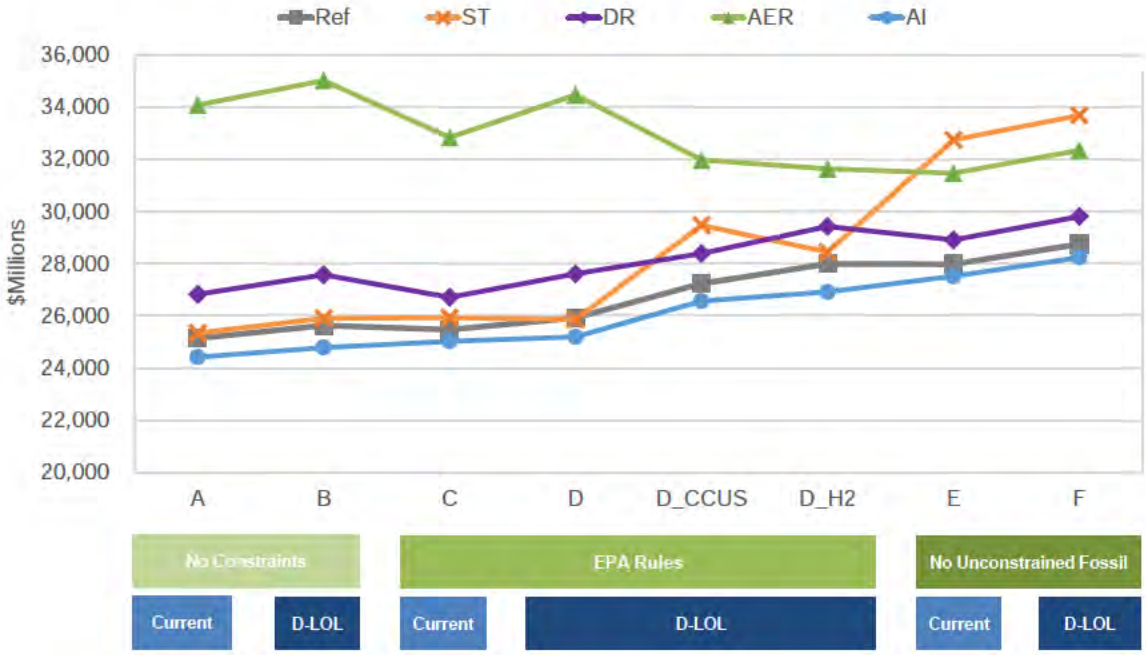
Figure 9-18: Accelerated Innovation Scenario Cost to Customer (30-year NPVRR – millions of $)



Overall, across scenarios, as illustrated in Figure 9-19, the following key observations were made:

- Portfolios A, B, C, and D are generally lower cost than the D Variants and Portfolios E and F. However, since they do not control long-term CO2 emissions, Portfolios A, B, C, and D are the highest cost in the AER scenario, which has a high carbon price.
- Portfolios relying heavily on near-to-mid-term tax credits (particularly Portfolios E and F) have the highest cost premium in the Slower Transition scenario.
- The optionality to phase-in CO2 control technologies embedded in Portfolio D_CCUS and Portfolio D_H2 results in a low scenario range.

Figure 9-19: NPVRR Summary across Scenarios



9.3.3 Stochastic Analysis Results

In addition to assessing each portfolio against each market scenario, NIPSCO also evaluated the six portfolios against the full stochastic distribution of potential outcomes for commodity prices (fuel and MISO power prices), NIPSCO load, wind and solar output, and thermal resource outages, as described in more detail in Section 8. The stochastic assessment was used to further evaluate the risk of each of the portfolios and produce key outputs within two scorecard categories:

- **Reliability** – An evaluation of "forced market exposure" risk was performed to assess the likelihood of NIPSCO having insufficient native resources to meet load at any given point time, thus resulting in forced exposure to the MISO market.
- **Rate stability** – An assessment of the portfolios' cost risk associated with the 95th percentile of the cost distribution and the lower cost opportunity associated with the 5th percentile of the cost distribution.

9.3.3.1 Forced Market Exposure Risk

Forced market exposure risk is calculated by comparing NIPSCO's available resources to NIPSCO's load obligation across every hour of the sample study year (2030) and across all 1,000 iterations of stochastic inputs that were developed. The risk can be visualized by assessing the long or short position of the portfolio at various percentiles across the distribution and at various times of day and across the year. This is illustrated in Figure 9-20, Figure 9-21, and Figure 9-22 for the six portfolios at the 90th percentile.

Figure 9-20: 90th Percentile of Forced Market Exposure - Portfolios A and B

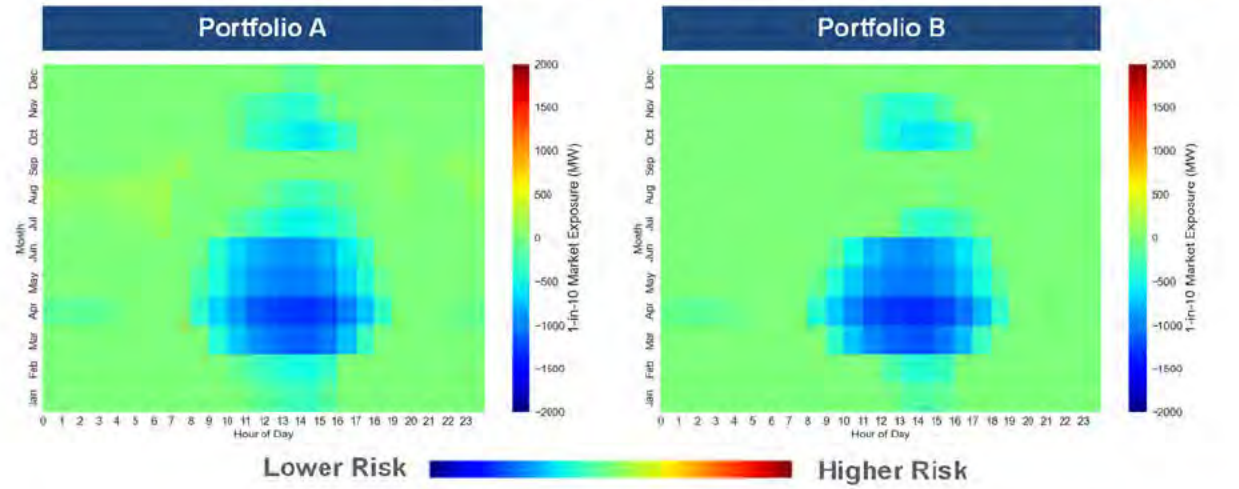


Figure 9-21: 90th Percentile of Forced Market Exposure - Portfolios C and D

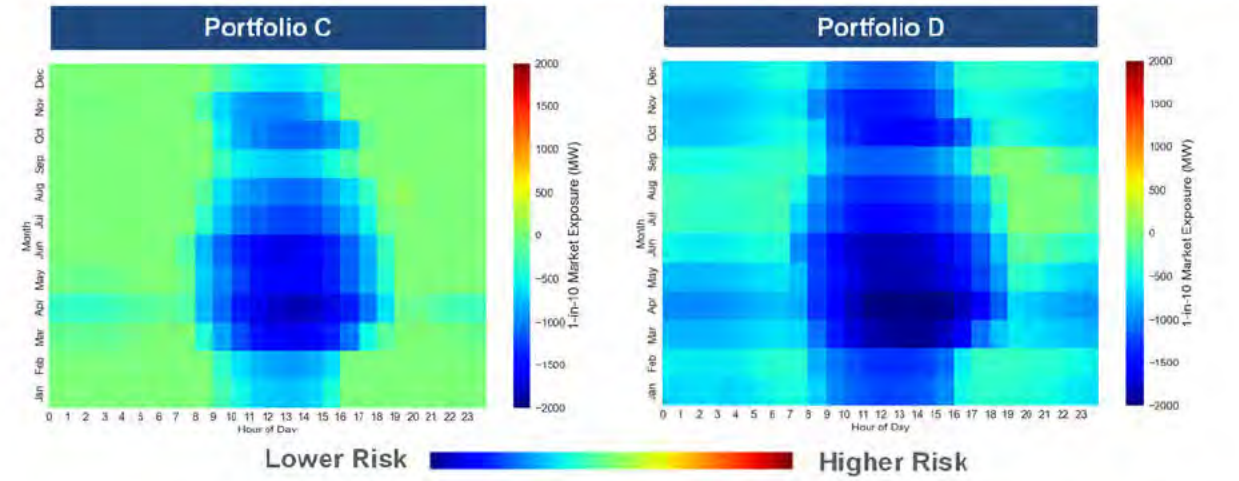
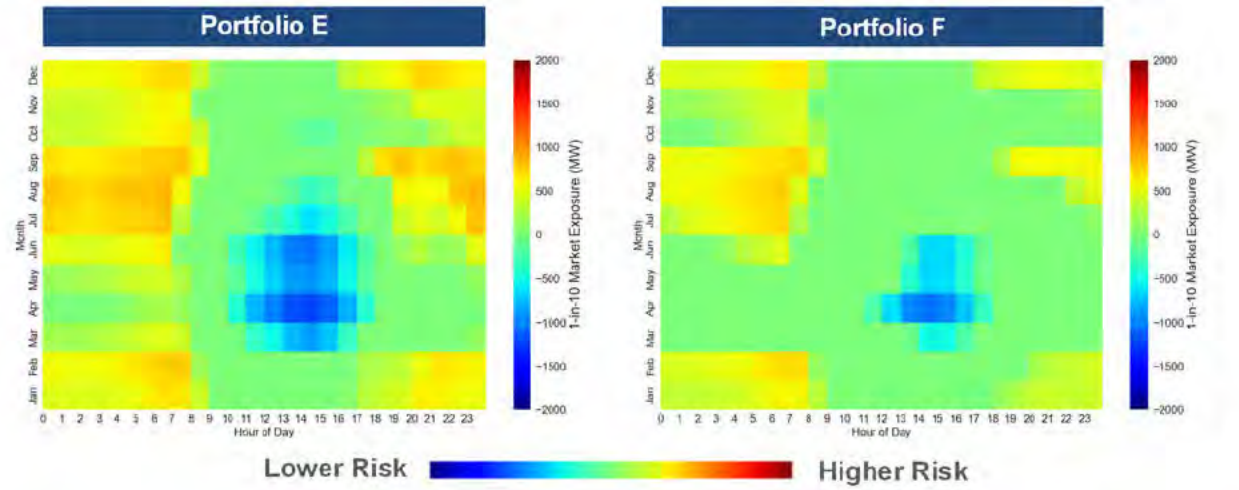


Figure 9-22: 90th Percentile of Forced Market Exposure - Portfolios E and F



These illustrations depict a "1-in-10" level event (i.e., only 10% of the simulated events during that month and hour exceed the reported level of forced market exposure). The magnitude of forced market exposure is also reported in Figure 9-23 as a measure of the expected amount of energy each year for which NIPSCO would be forced to purchase from the market, regardless of economic dispatch decisions. The percentage of expected forced market purchases is also reported by normalizing the expected forced market purchases by the total system energy sales.

In these graphics, a negative number (shown in blue colors with a greater long position shown with a darker shade) represents an event when the NIPSCO portfolio is long on capacity and has the option to operate economically by buying from the market or dispatch its own resources based on what is the lowest cost option for customers. A positive number (shown in orange and red with a darker red representing a greater short position) represents an event when NIPSCO would be *forced* to purchase from the market, no matter the cost or tightness of the broader MISO system at that time. If these periods of forced market exposure coincide with periods of stress in the broader MISO market, the event could result in a loss of load event if there is not sufficient energy on the market to cover NIPSCO's native shortfall.

Overall, Portfolios E and F are at risk of experiencing the most significant forced market exposure, amounting to between 2-3% of total MWh served in 2030, as summarized in Figure 9-23. The D Portfolios are in the strongest position to mitigate against forced market exposure risk and be "in control of their own destiny." Only a small portion of the total MWh served would be forced to be purchased from the market.

Figure 9-23: Reliability Scorecard Metric – Forced Market Exposure

Portfolio	Forced Market Exposure – Expected Value (GWh)	Forced Market Exposure Relative to Total Load (%)
A	235	0.91
B	86	0.33
C	89	0.34
D (all variants)	4	0.02
E	793	3.08
F	515	2.00

9.3.3.2 Cost Risk

Cost risk is calculated by evaluating the uncertainty in NIPSCO's portfolio costs across the distribution of stochastic variables, including those evaluated in the forced market exposure risk analysis plus natural gas prices and MISO market power prices. To assess cost risk in a representative year (2030), NIPSCO down-sampled 100 iterations from the overall distribution of

one thousand iterations from the forced market exposure risk analysis. This smaller sub-set of samples was selected as representative of the entire distribution, and using a smaller number of scenarios substantially reduces the required amount of computer run-time while still providing a robust overview of the stochastic risk posed to each of NIPSCO's portfolio options. This representative set of 100 samples was run through the Aurora portfolio model to simulate dispatch against different generator forced outages, wind generation, solar generation, electricity price, and natural gas price outcomes. In this manner, NIPSCO was able to evaluate the variable cost exposure for the different portfolios and provide a unified analysis between the stochastic market exposure analysis and the production cost modeling in Aurora.

To find this smaller sub-set, a clustering analysis was performed on the average annual electricity price, natural gas price, and net load across the entire collection of stochastic iterations to divide the population into representative samples which span the range of possible outcomes. Each of the 1000 samples was assigned to one of the 100 clusters. A random choice was selected from each of these clusters. The resulting sub-set of 100 iterations provides a sound representation of the types of random shocks that NIPSCO might experience (i.e., higher/lower than expected net load or higher/lower than expected commodity prices).

For each of these representative 100 samples, NIPSCO performed a production cost model simulation, which dispatched the portfolio resources using the wind generation, solar generation, demand, market electricity price, and natural gas price from that stochastic iteration. The resulting 100 outcomes represent the range of possible all-in costs that can be incurred by each portfolio, depending on the randomness of possible events. The 95th and 5th percentile cost outcomes were reported as the range of possible cost outcomes.

Overall, the magnitude of cost distributions across portfolios is narrower than the scenario range, suggesting that stochastic risk for these portfolio options is less impactful than the major policy or market shifts evaluated across scenarios. However, the stochastic analysis results do indicate that for the 2030 sample year that was evaluated, Portfolios A through D have broader distributions of cost uncertainty overall (higher and lower) as a result of the impact of natural gas price uncertainty. Although Portfolios E and F have more comparable 75th percentile risk due to significant MISO market exposure, both have lower tail risk than Portfolios A through D. This is illustrated in Figure 9-24 and Figure 9-25, which summarize the rate stability metrics associated with NIPSCO's integrated scorecard.

As noted, natural gas price is a key driver to the all-in cost outcome. This is shown in Figure 9-26, which plots the annual average natural gas price across the 100 iterations evaluated in Aurora versus the annual impact on portfolio costs for Portfolio D relative to the median outcome. As natural gas prices increase, the variable cost of the portfolio also increases linearly, and a strong correlation between total costs and natural gas prices is evident. In fact, for Portfolio D, a $1 increase in natural gas price corresponds to an expected $125M increase in portfolio costs. Overall, natural gas prices show significant volatility within a year, and daily or monthly spikes are typically coupled with short-term market electricity price spikes, increasing the overall operating costs of the portfolios, especially those with higher levels of natural gas generation.

Figure 9-24: Distribution of Cost Risk across Portfolios – 2030, Normalized to the Median Cost

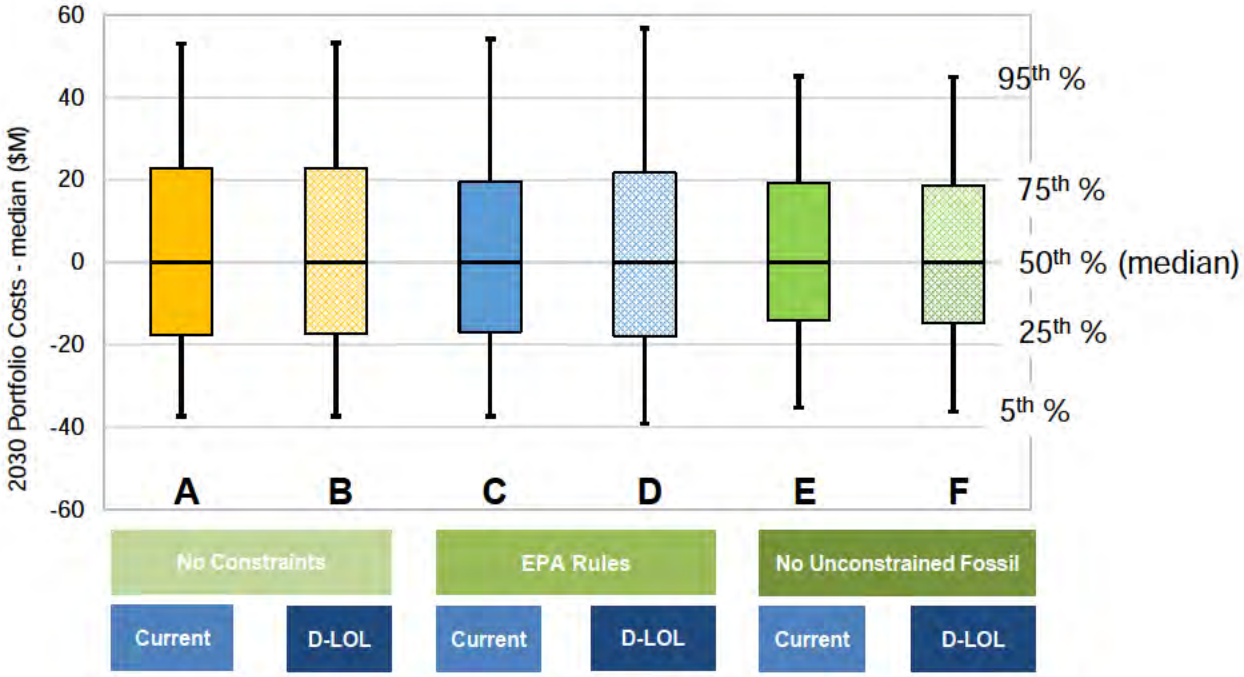
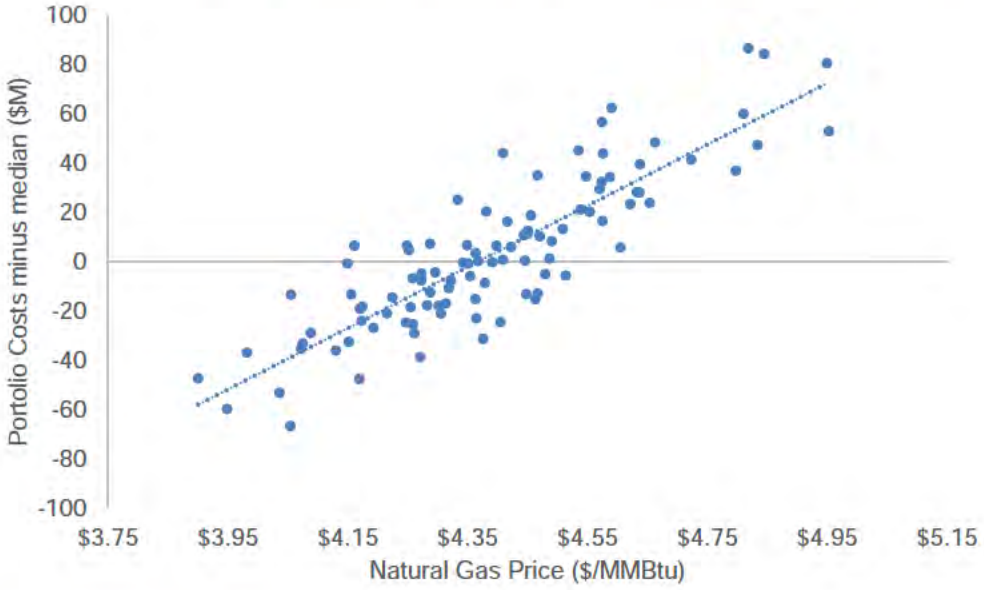


Figure 9-25: Rate Stability Scorecard Metric – Cost Risk and Low Cost Opportunity (millions of $)

Portfolio	50th Percentile *minus* 5th Percentile	75th Percentile *minus* 50th Percentile	95th Percentile *minus* 50th Percentile
A	37.4	22.8	53.1
B	37.3	22.7	53.3
C	37.4	19.5	54.2
D	39.2	21.7	56.8
E	35.4	19.2	45.1
F	36.3	18.5	45.0

Figure 9-26: Relationship between Annual Average Natural Gas Price and Annual Portfolio Cost across Stochastic Distribution (Portfolio D)



9.3.4 CO2 Emissions

NIPSCO tracked its projected CO2 emissions[164] for all portfolios relative to its historical emissions since its baseline accounting year of 2005, as illustrated in Figure 9-27. As shown, all portfolios that add uncontrolled new combined cycle resources towards the end of the 2020s and into the 2030s would be expected to realize increases in CO2 emissions, offsetting expected declines associated with the upcoming planned retirements of Schahfer Units 17 and 18 and Michigan City Unit 12. If the EPA GHG rules are not in place (Portfolios A and B),[165] CO2 emissions would be expected to remain between 6 and 7 million tons per year through the mid-2030s, with expected declines thereafter, as a result of lower anticipated economic dispatch for combined cycles in the MISO market. If the EPA GHG rules associated with capacity factor constraints for new combined cycles take effect in 2032 (Portfolios C and D), emissions would be expected to fall closer to 5 million tons per year thereafter and through the study period.

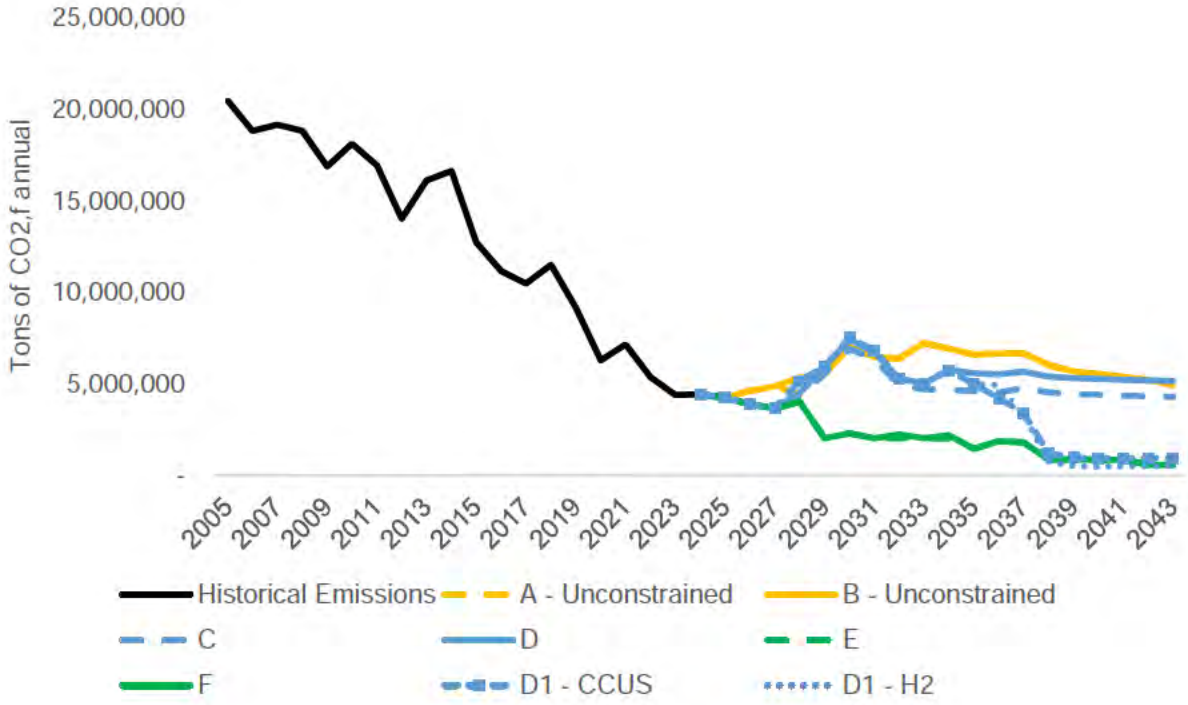
For portfolios that immediately control the emissions of new combined cycle capacity additions via CCUS (Portfolios E and F), annual emissions would be projected to fall to around 2 million tons per year after the retirement of Michigan City Unit 12, with potential additional reductions by the end of the 2030s associated with conversion of NIPSCO's existing Sugar Creek combined cycle to burn hydrogen. For the D variants (Portfolios D_CCUS and D_H2), emissions

164 NIPSCO's projected emissions include emissions from owned resources and contracted resources. The accounting does not include the impact of energy purchases and sales with the MISO market.

165 Note that all emission summaries are shown with Portfolios A and B not complying with EPA GHG rules even though certain scenarios evaluated their performance under these constraints.

controls implemented on combined cycle units in the mid-2030s would be expected to drive emissions towards the levels expected in Portfolios E and F by the end of the 2030s.

Figure 9-27: Annual CO2 Emission Projections for Portfolios



Given the significant load growth expected in NIPSCO's 2024 IRP, an emissions intensity metric was also developed, dividing the total tons of CO2 emissions by total MWh generated by the NIPSCO portfolio.[166] As shown in Figure 9-28, the emissions intensity of the portfolio is expected to decline from 2024 through 2043, with the largest declines associated with the portfolios that control emissions from combined cycle capacity (E, F, D_CCUS, and D_H2). Figure 9-29 summarizes both cumulative tons of CO2 and the emission intensity for the various portfolio options over the 2024-2040 period.

166 Both the projected emissions and projected generation include owned and contracted resources.

Figure 9-28: Annual CO2 Emission Intensity Projections for Portfolios

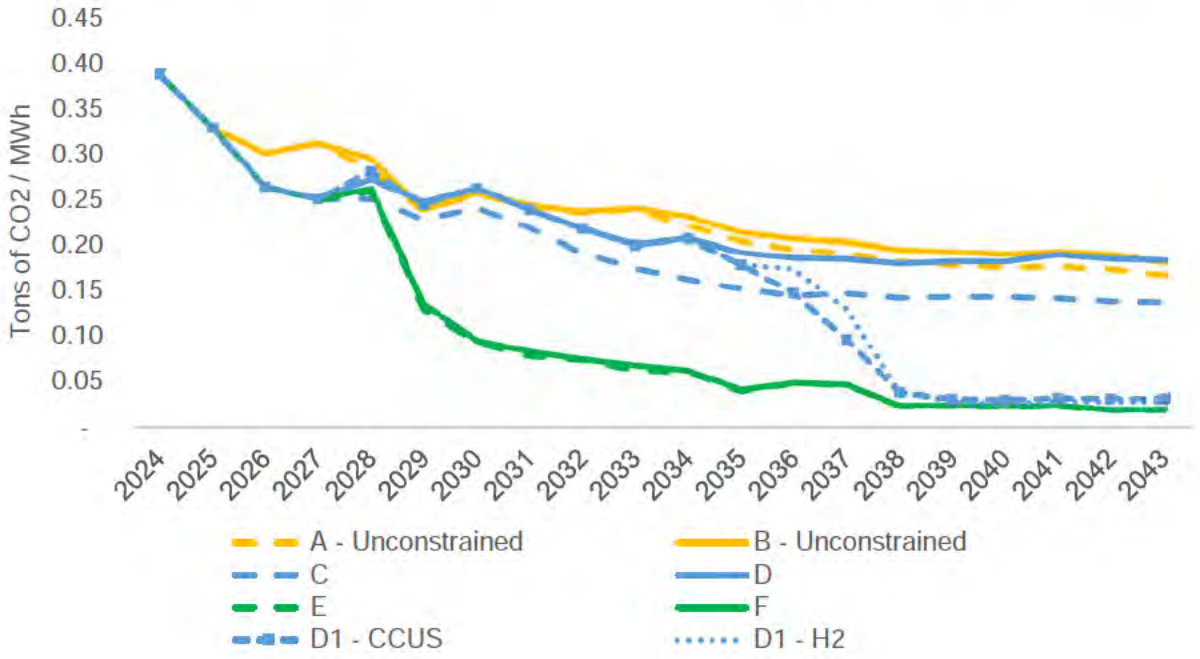


Figure 9-29: Total Emissions and Emission Intensity Average for 2024-2040

Portfolio	Cumulative Tons of CO2 (2024-2040)	Emission Intensity – tons/MWh (2024-2040)
A	99,172,714	0.23
B	100,300,258	0.24
C	80,942,519	0.19
D	89,701,019	0.22
D_CCUS	73,479,336	0.18
D_H2	72,713,688	0.20
E	40,444,963	0.09
F	40,817,177	0.09

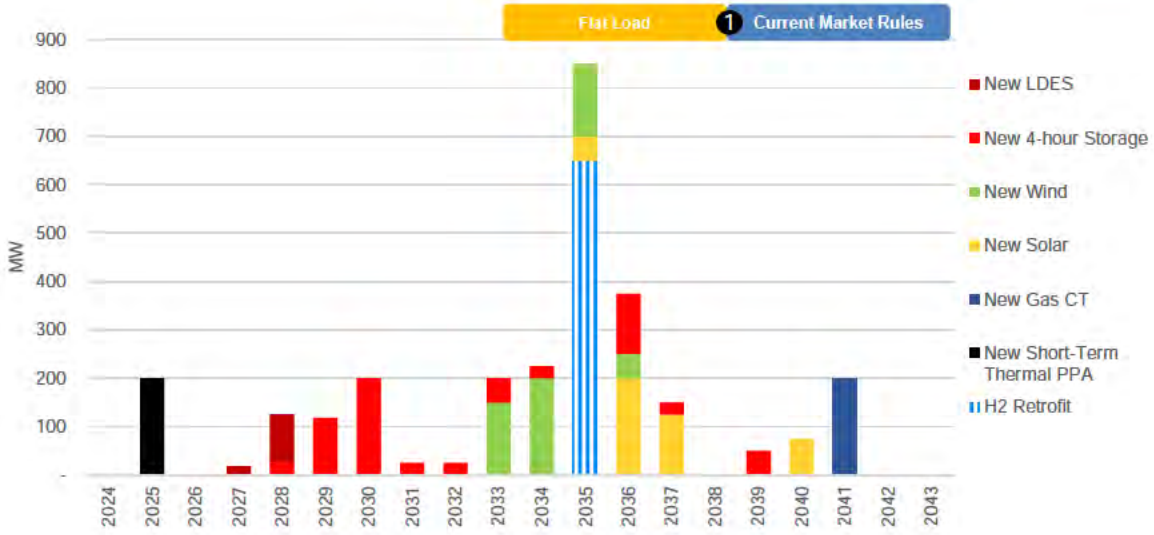
9.3.5 Sensitivity Analysis – Flat Load Growth

In addition to the portfolio evaluation under Reference Case load growth conditions, NIPSCO also performed portfolio optimization analysis under conditions without any new large load growth additions from data centers. "Flat load growth" portfolios were developed under the current market rules construct and under the D-LOL construct,[167] as summarized in the subsequent sections of this Section.

9.3.5.1 Flat Load 1 – Current Market Rules

The Flat Load 1 Portfolio included a total of 200 MW of short-term thermal PPAs and ZRCs, 200 MW of natural gas peaking capacity, 786 MW of new storage capacity (261 MW through 2029), 550 MW of wind, and 450 MW of solar over the twenty-year study period. In addition, the portfolio included all EE programs except for first tranche of C&I (2027-2029) and the Residential High and Behavioral programs. All DR programs were selected except for Water Heaters, EV Charging, and BTM Storage. Figure 9-30 provides a summary of the annual nameplate capacity resource additions for the Flat Load 1 Portfolio.[168]

Figure 9-30: Flat Load Portfolio 1 – Annual Resource Additions (Nameplate MW)



Note: The 2025 short-term PPA lasts through 2029.

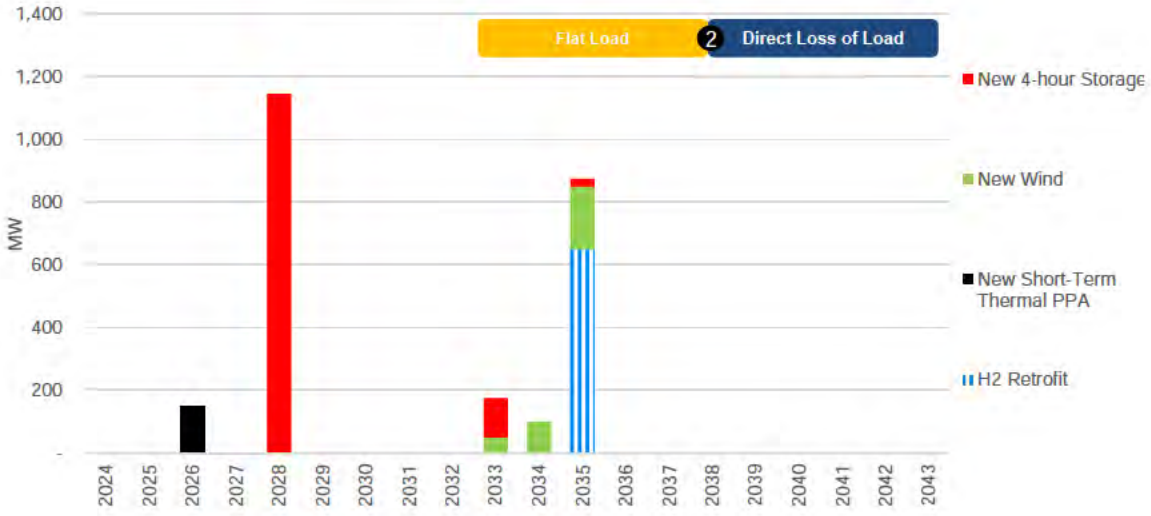
167 Note that NIPSCO found that the current portfolio's energy position means that additional combined cycle capacity additions would not fit within the energy constraints. Thus, the EPA GHG rules and potential limitations on fossil-fired resources additions without emission controls are irrelevant under the flat load construct. As such, the original six portfolio themes were collapsed into two, varying only the capacity accreditation rules.

168 Note that for modeling purposes, NIPSCO's existing Sugar Creek combined cycle was assumed to retrofit to enable hydrogen blending in 2035.

9.3.5.2 Flat Load 2 – D-LOL

The Flat Load 2 Portfolio included a total of 150 MW of short-term thermal PPAs and ZRCs, 1,296 MW of new storage capacity (1,146 MW through 2029), and 350 MW of wind over the twenty-year study period. Relative to Flat Load Portfolio 1, Flat Load Portfolio 2 included additional near-term storage to meet near-term capacity accreditation needs under the D-LOL construct and slightly less renewable energy over the long-term. In addition, the portfolio included all EE programs except first tranche of C&I and Residential (2027-2029) and the first two tranches of Behavioral programs (2027-2032). All DR programs were selected except for Water Heaters, EV Charging, and BTM Storage. Figure 9-31Figure 9-2 provides a summary of the annual nameplate capacity resource additions for Portfolio D.[169]

Figure 9-31: Flat Load Portfolio 2 – Annual Resource Additions (Nameplate MW)



Note: The 2026 short-term PPA lasts from 2026-2030.

Overall, Figure 9-32Figure 9-12 summarizes the nameplate capacity additions and other resource additions and changes for the flat load portfolios relative to the six other portfolio concepts developed under Reference Case load conditions through 2043.

169 Note that for modeling purposes, NIPSCO's existing Sugar Creek combined cycle was assumed to retrofit to enable hydrogen blending in 2035.

Figure 9-32: Summary of Incremental Resource Additions across All Portfolios, Including Flat Load Concepts

	Flat Load	Flat Load DLOL	A	B	C	D (all)	E	F
Data Center Load	None	None	2,600 MW	2,600 MW	2,600 MW	2,600 MW	2,600 MW	2,600 MW
MISO Capacity Rules	Current	D-LOL	Current	D-LOL	Current	D-LOL	Current	D-LOL
EPA GHG rule constraints (capacity factor)	CCGT<40%	CCGT<40%	None	None	CCGT<40%	CCGT<40%	CCGT<40%	CCGT<40%
New gas emissions controls	None	None	None	None	None	Late 2030s	At Start-up	At Start-up
Wind	550	350	1,500	1,850	1,800	1,550	2,250	2,350
Solar	450		2,125	675	3,235	1,275	2,322	1,922
Storage[1]	786	1,296	1,249	1,882	811	959	1,409	2,111
Gas CCGT			2,600	2,600	2,585	3,235		
Gas Peaking	200				400	618		
Gas CCGT w/CCUS							2,340	2,340
Sugar Creek	H2 (or CCUS) Retrofit	H2 (or CCUS) Retrofit	Extend on Gas	Extend on Gas	Extend on Gas	H2 (or CCUS) Retrofit	H2 Retrofit	H2 Retrofit
DSM (DR/EE)[2]	390	440	400	430	230	270	365	365
Total ICAP Additions Through 2043 (excl. DSM/DR)	1,986 MW	1,646 MW	7,474 MW	7,007 MW	8,831 MW	7,637 MW	8,322 MW	8,723 MW
2035 Supply-Demand Capacity Gap (Summer) Covered	~850 MW	~1,350 MW	~3,500 MW	~4,000 MW	~3,500 MW	~4,000 MW	~3,500 MW	~4,000 MW

[1] *Includes both 4-hour Lithium-ion and long-duration storage*
[2] *DSM additions calculated as peak capacity contribution in summer of 2043*

9.3.5.3 Flat Load Portfolio Customer Cost Results

Given significantly lower load relative to the Reference Case, the total revenue requirements for the Flat Load portfolios are significantly lower than those developed under the Reference Case load. As shown in Figure 9-33, the 10-year NPVRR is approximately 65% of the NPVRR for the Reference Case portfolios, and the 30-year NPVRR is approximately 50% of the value.

On a levelized cost basis, over the 30-year planning horizon, the costs for the Flat Load portfolio are *higher than* all other Reference Case load portfolios aside from Portfolio F. This suggests that incremental costs associated with larger levels of resource additions in the Reference Case load outlook can be spread over more MWh, such that the per MWh system cost goes down. This is true particularly given NIPSCO's current portfolio composition and the need to bring in new capacity resources like storage even without significant new load growth in the near-term. This is illustrated in Figure 9-34.[170]

170 Note that this figure just shows portfolios developed under the MISO D-LOL construct. NIPSCO observed similar trends for portfolios developed under current market rules.

Figure 9-33: NPVRR for Flat Load Portfolios

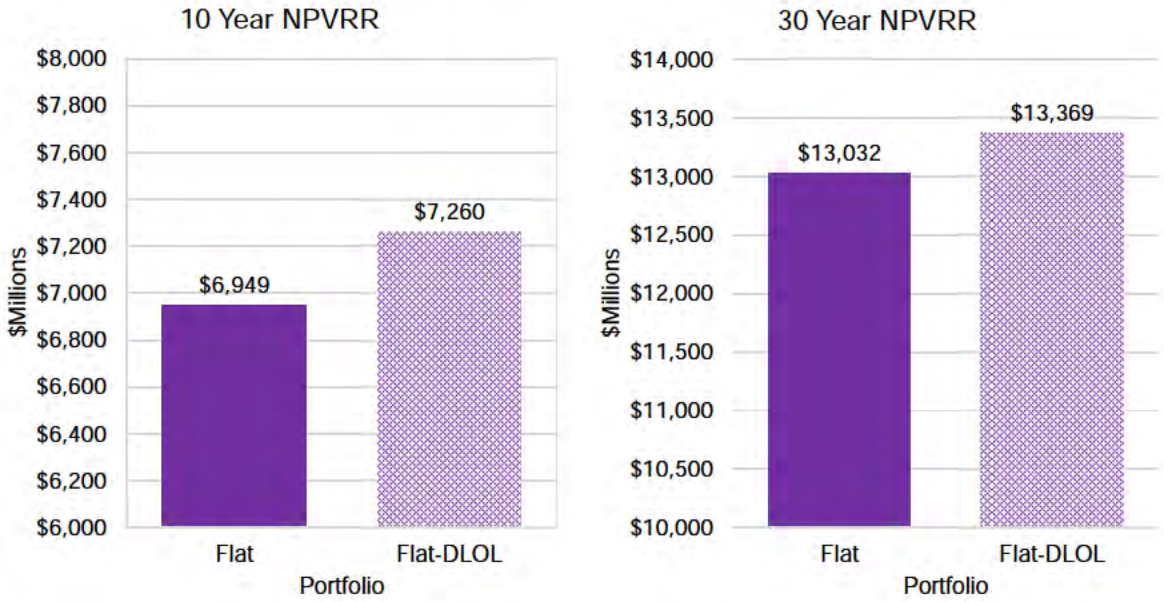
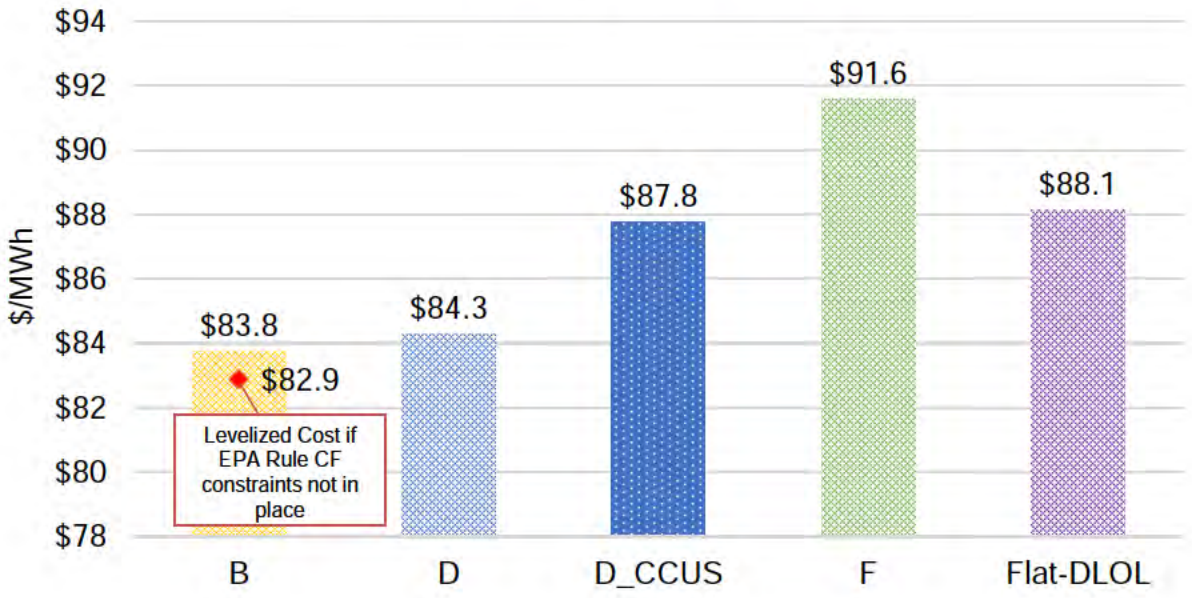


Figure 9-34: Levelized Portfolio Costs for Reference Case and Flat Load Portfolios under D-LOL market Rules



9.3.6 Sensitivity Analysis – Emerging High Load Growth

In addition to the flat load sensitivity, NIPSCO also developed an alternative portfolio construct under an emerging high load sensitivity case, premised on significant new data center load additions to the system based on input from NIPSCO's Economic Development team. As shown in Figure 9-35, relative to the Reference Case, the emerging high load sensitivity incorporates 2,600 MW of additional load by 2028, 4,500 MW by 2030, and 6,000 MW by 2035. As discussed in the next section, a single portfolio was developed under the emerging high load sensitivity under the EPA Rules and D-LOL assumptions (the "Portfolio D" concept).

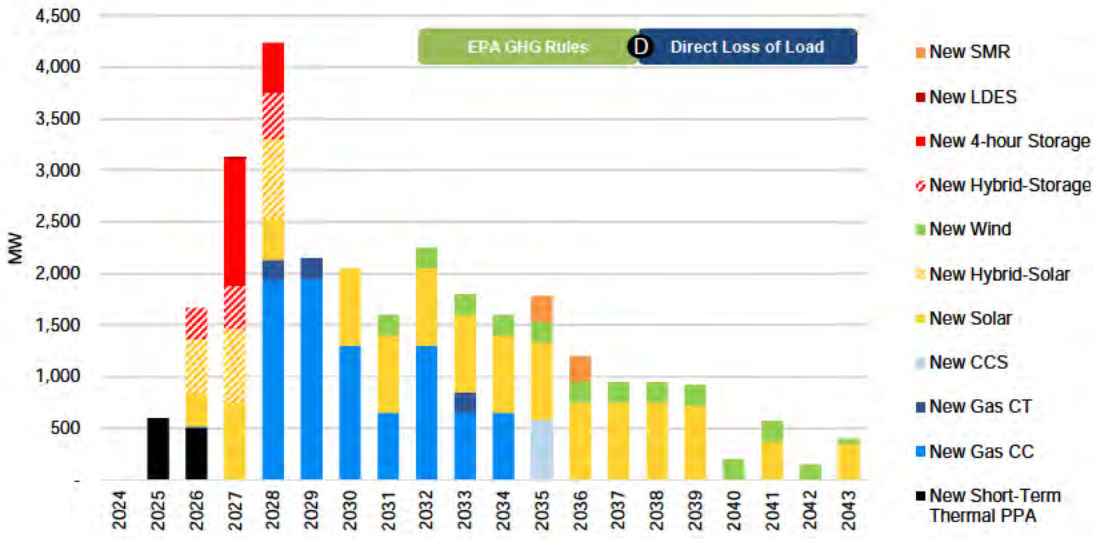
Figure 9-35: Emerging High Load Sensitivity

	2028	2030	2035
IRP Peak Load – Flat Load*	~2,300 MW	~2,300 MW	~2,500 MW
+New Load Added for Reference Case	*+600 MW*	*+1,600 MW*	*+2,600 MW*
IRP Peak Load – New Reference Case	**~2,900 MW**	**3,900 MW**	**5,100 MW**
Incremental to Reference Case — *+Emerging Load Sensitivity*	*+2,600 MW*	*+4,500 MW*	*+6,000 MW*
Total IRP Peak Load With Emerging Load Sensitivity	**5,500 MW**	**8,400 MW**	**11,100 MW**

9.3.6.1 Emerging High Load Portfolio – EPA GHG Rules and D-LOL

The Emerging High Load Portfolio included a total of 1,100 MW of short-term thermal PPAs and ZRCs, 8,435 MW of combined cycle capacity (3,885 MW through 2029), 620 MW of natural gas peaking capacity (420 MW through 2029), 2,886 MW of new storage capacity (all through 2029), 2,400 MW of wind, 11,694 MW of solar (3,494 MW through 2029), 585 MW of combined cycle capacity with CCUS, and 500 MW of SMR nuclear capacity over the twenty-year study period. In addition, the portfolio included all EE programs except for the final tranches of C&I, Residential High, and Residential Low-Medium (2033-2046). All DR programs were selected except for Dynamic Rates. Figure 9-36 provides a summary of the annual nameplate capacity resource additions for the Emerging High Load Portfolio.

Figure 9-36: Emerging High Load Portfolio – Annual Resource Additions (Nameplate MW)



Note: The short-term PPAs have various durations through 2030.

Overall, the emerging high load analysis highlighted that NIPSCO would require significant capacity additions from a diverse set of new resource types to meet both future capacity and energy requirements, particularly over the next ten years. Major observations and findings from the sensitivity analysis included:

- Significant near-term load growth would require large capacity additions through 2029, including:
  - Over 1,000 MW of Thermal PPAs and ZRCs
  - Nearly 3,500 MW of solar and nearly 3,000 MW of storage
  - Over 4,000 MW of natural gas capacity
- New combined cycle capacity is needed for near-term energy requirements, although the portfolio could be short energy for periods of time depending on the pace of new CCGT additions. Importantly, flexibility to operate CCGTs above 40% prior to the implementation of the GHG Rules in 2032 could allow for most energy needs to be met, but EPA Rules on capacity factor constraints thereafter could result in higher levels of energy market purchases.
- A diverse mix of long-term resource additions would be required, contingent upon resource availability constraints and technological advancement. These long-term resource additions would include:
  - Additional CCGT and gas peaking capacity;

- Significant amounts of post-2030 solar (8,200 MW) and wind (2,400 MW);
- CCUS and SMR capacity as it becomes available, showcasing the potential for clean form resource additions to provide potentially carbon-free capacity that could run at high capacity factors.

- Significant energy efficiency and demand response additions would be expected to support portfolio requirements.

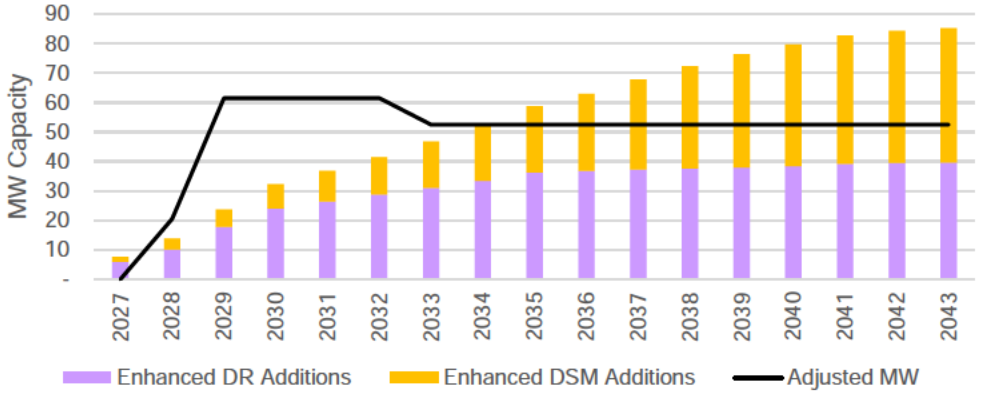
9.3.1 Sensitivity Analysis – Additional DSM

NIPSCO also performed a sensitivity analysis to evaluate the impact of moving from the RAP DSM levels to the Enhanced RAP and MAP savings trajectories for energy efficiency and demand response programs, respectively. As documented in Section 5, moving from RAP to Enhanced RAP and MAP results in larger savings, but also higher program costs.

NIPSCO evaluated the impact of moving to the MAP DR bundles and the Enhanced RAP EE bundles under Portfolio D. This was done by effectively "forcing in" the same DR and EE bundles as identified in the portfolio optimization analysis, but at the MAP or Enhanced RAP level instead of at the RAP level. This has the impact of both reducing energy requirements and mitigating the need for some capacity additions. NIPSCO identified approximately 85 MW of additional peak load reduction potential over time. This additional DSM was able to displace 75 MW of incremental natural gas peaking capacity additions, as summarized in Figure 9-37.

The impact of reduced energy requirements was evaluated through a re-dispatch of the portfolios in the Aurora portfolio model, while 75 MW of future natural gas peaking capacity additions around 2030 were removed to reflect the reduced capacity obligation.

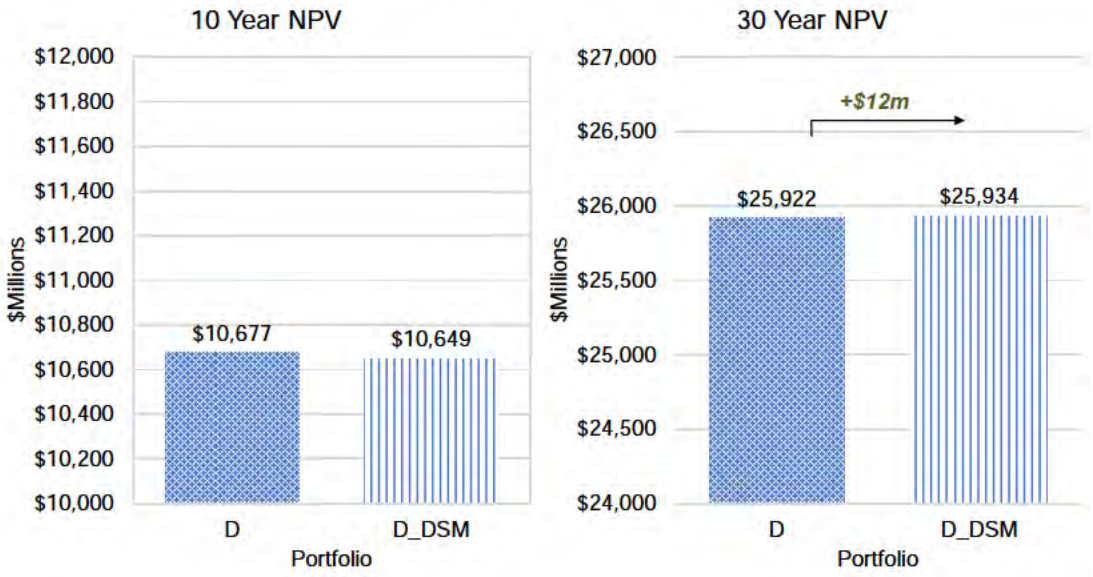
Figure 9-37: Additional DSM versus Avoided Peaking Capacity Additions



Under Reference Case conditions, NIPSCO's analysis found that moving from the RAP to the Enhanced RAP and MAP DSM bundles would increase the 30-year NPVRR by $12 million for Portfolio D, but result in a lower NPVRR on a ten-year basis. As illustrated in Figure 9-38, over the first ten years, the total revenue requirement for the D_DSM portfolio is lower than Portfolio D due to avoided capital and O&M costs from reduced natural gas peaking capacity

additions. However, over 30 years, the D_DSM portfolio costs are higher than Portfolio D's, as higher DSM program costs outweigh capital cost savings.

Figure 9-38: NPV Impact of Shifting from RAP to Enhanced RAP or MAP – Portfolio D Example



9.3.2 Scorecard Summary

Figure 9-39 presents a summary of all scorecard metrics for each of the eight portfolios that were evaluated under Reference Case load conditions. This includes the cost metrics associated with the Reference Case NPVRR, the risk metrics associated with the major outcomes from the scenario and stochastic analyses, carbon emissions, reliability metrics, and impacts on the local economy, as described above. The following key observations were made:

- Customer costs in the Reference Case generally increase as additional constraints are placed on the portfolios, including D-LOL accreditation rules, EPA GHG rules, and limits on new fossil additions without emission controls.

- Across the five market scenarios, the Portfolio D variants and Portfolios E and F have the lowest range of cost outcomes. The Portfolio D variants provide optionality for the portfolio in the face of uncertainty associated with future environmental policy.

- Across the stochastic cost distribution, portfolios with more natural gas-fired capacity (Portfolios A through D) exhibit higher cost risk than those with less natural gas capacity (Portfolios E and F). This results in a wider range of cost outcomes, with higher 95th percentile cost risk and lower 5th percentile cost opportunity.

- Portfolios that include more natural gas capacity and do not retrofit that capacity to control for carbon emissions result in higher overall emissions intensity over the 2024-2040 period. The Portfolio D variants reduce emission intensity over time, and Portfolios E and F have the lowest overall.

- Portfolio D performs best on the reliability and flexibility metrics, given larger amounts of flexible, long-duration dispatchable capacity. Portfolios E and F are most exposed to forced market risk exposure, given higher levels of intermittent capacity and lower amounts of long-duration dispatchable capacity.

- Portfolios E and F have the highest investment in the local economy due to higher-cost resource additions. The Portfolio D variants follow, as a result of investment in emission control retrofits in the mid-to-late 2030s, while Portfolios A through D have slightly less local investment overall.

Figure 9-39: Portfolio Scorecard

	A	B	C	D	D-CCUS	D-H2	E	F
Carbon Emissions Constraint	No EPA GHG Constraints		EPA GHG Rules				Emissions Controls At Start-Up	
MISO Market Rules	Current Market Rules	Direct Loss of Load	Current Market Rules	Direct Loss of Load			Current Market Rules	Direct Loss of Load
Cost To Customer 10-year NPVRR (Ref Case) $M	$10,307	$10,735	$10,244	$10,677	$10,993	$10,993	$10,951	$11,309
	+$62	+$491	-	+$433	+$749	+$749	+$705	+$1,065
Cost To Customer 30-year NPVRR (Ref Case) $M	$25,142	$25,626	$25,471	$25,922	$27,236	$27,999	$27,984	$28,756
	-	+$484	+$329	+$780	+$2,094	+$2,857	+$2,842	+$3,614
Cost Certainty 30-year Scenario Range NPVRR $M	$9,669	$10,245	$7,815	$9,286	$5,414	$4,717	$5,232	$5,451
	+$4,952	+$5,529	$3,098	$4,569	$697	-	$516	+$735
Cost Risk 95th % Cost Risk	$53.1	$53.3	$54.2	$56.8	$54.1	$54.1	$45.1	$45.0
	+$8.1	+$8.4	+$9.2	+$11.9	+9.2	+9.2	+$0.2	-
Lower Cost Opp. 5th % Cost Risk	-$37.4	-$37.3	-$37.4	-$39.2	-$38.9	-$38.9	-$35.4	-$36.3
	+$1.8	+$1.9	+$1.8	-	+$0.3	+$0.3	+$3.8	+$2.9
Carbon Emissions M of tons/MWh 2024-40 Cum.	0.23	0.24	0.19	0.22	0.18	0.20	0.09	0.09
	+0.14	+0.15	+0.10	+0.13	+0.09	+0.11	-	-
Reliability Forced Market Exposure (GWh)	235	86	89	4	4	4	793	515
	+231	+82	+85	-	-	-	+789	+511
Flexibility New capacity able to respond within 30 mins (MW)	3,849	4,482	4,121	4,812	4,632	4,812	3,905	4,456
	-963	-330	-691	-	-180	-	-907	-356
Local Economy NPV of property taxes	$1,849	$1,853	$1,938	$1,840	$2,229	$2,097	$2,619	$2,698
	-$849	-$845	-$760	-$858	-$484	-$609	-$79	-

Note that carbon emissions for Portfolios A and B are summarized from the analysis performed with Portfolios A and B not complying with EPA GHG rules even though scenario analysis was performed with the prevailing scenario environmental policy drivers in place.

9.4 Preferred Portfolio

NIPSCO has identified Portfolio D_CCUS as its preferred portfolio based on the following key considerations:

- Given the need for dispatchable capacity in MISO and FERC's approval of the D-LOL market reforms on October 25, 2024, NIPSCO should plan for compliance, focusing on Portfolios B, D, and F.
- Portfolio B does not prepare to comply with EPA rule constraints, as it would likely need additional peaking capacity or additional solar + storage to make up for the capacity factor limitations on new combined cycles, which are accounted for in the Portfolio D variants.
- The Portfolio D variants all have the same resource mix through 2030, but Portfolio D (without CCUS or Hydrogen retrofits) does not reduce emissions over time. Given that future hydrogen supply is more uncertain than future CCUS deployment, NIPSCO is left with Portfolio D_CCUS or Portfolio F as options to meet its long-term emissions reduction goals.
- Overall, Portfolio D_CCUS provides more optionality for NIPSCO around future decarbonization actions and performs well relative to Portfolio F:
  - Portfolio D_CCUS has lower customer cost due to lower storage needs through 2030 and due to delaying decarbonization retrofits until they are more feasible in the 2030s.
  - Portfolio D_CCUS has comparable and slightly better cost certainty compared to Portfolio F, particularly associated with optionality around future decarbonization actions in the face of external market uncertainty.
  - Portfolio D_CCUS has marginally higher annual cost risk than Portfolio F due to higher commodity price risk.
  - Portfolio D_CCUS has higher emission intensity than Portfolio F due to additional natural gas generation, but still decarbonizes by end of 2030s.
  - Portfolio D_CCUS has significantly higher reliability due to more long-duration dispatchable capacity, including from natural gas resources. Portfolio D_CCUS also has better resource flexibility due to more dispatchable natural gas-fired capacity.
  - Portfolio D_CCUS has lower local economy benefits than Portfolio F due to lower capital spend.

Figure 9-40 summarizes the elements of NIPSCO's preferred plan, including the expected ranges of capacity additions by resource type through the 2029 period. As additional diligence is performed and as more information is obtained regarding market, policy, and technology change, NIPSCO will refine the specific capacity addition numbers.

Figure 9-40: Preferred Portfolio Capacity Additions

Timing	Near Term 2025-2029	Mid Term 2030-2034	Long Term 2035 & Beyond
Retirements	• Schahfer Units 17, 18 (by 2025) • Schahfer Units 16A/B (by 2027) • Michigan City Unit 12 (by 2028)	• N/A	• N/A
Preferred Plan – Capacity Additions	• *Storage (900+MW)** • *Thermal Contracts (150-350 MW)* • *DSM Resources[1] (up to 440 MW over 20-yr period)* • Gas CCGT (1,285 MW) • Gas Peaking (420 MW) — *2600 MW Data Center Load*	• *Storage (125 MW)** • *Wind (150-650MW)** • Solar (750 MW) • Gas CCGT (1,950 MW) • Gas Peaking (200 MW) — *2600 MW Data Center Load*	• *Storage (25 MW)** • *Wind (250-900 MW)** • *Sugar Creek Retrofit Hydrogen** • Solar (525 MW) • CCGT Retrofits – CCUS — *2600 MW Data Center Load*

Other Activities	• Monitor changing regulatory policy (MISO, EPA, local) and technology advancements
	• Previously planned additions:
	  • 1,700 MW renewables
	  • 400 MW gas peaker
		• Reevaluate decarbonization options including CCUS, H2 and other emerging technologies for best fit
		• Add additional renewables as needed to support higher energy needs
			• Implement most cost-effective retrofits
			• Determine final steps to achieve Net Zero

Storage Investment	CCGT / Gas Peaking Investment	Monitor / Respond To Changes	Execute Previously Planned Activities
~900 MW of storage dependent on file MISO capacity accreditation	CCGT additions to support data center load and gas peaking investment as needed for additional capacity	MISO rules; EPA rules; Long-duration energy storage; Hydrogen; Carbon capture; Nuclear	Schahfer & Michigan City retirements; Renewable Projects ~1,700 MW; ~400 MW Gas Peaker

**Italicized resources listed above would be needed under all portfolios (including those without data center load).*

Regardless of future data center growth, this preferred portfolio includes near-term thermal contracts to firm up NIPSCO's capacity position as a result of D-LOL market reforms and over 900 MW of storage capacity through the end of the decade. If data center load materializes in line with the Reference Case load forecast, NIPSCO's preferred portfolio would also include up to 1,300 MW of combined cycle capacity and around 420 MW of natural gas peaking capacity. Over the 2030-2034 time period, the preferred portfolio includes additional storage and wind, with additional solar, combined cycle, and peaking capacity depending on the magnitude of NIPSCO's load growth. Over the long-term (2035 and beyond), the preferred portfolio includes additional storage, wind, and solar capacity, along with retrofits of combined cycle capacity (existing and new) to reduce CO2 emissions via CCUS or hydrogen.

Figure 9-41, Figure 9-42, Figure 9-43, and Figure 9-44[171] show NIPSCO's projected supply-demand balance under the preferred portfolio for the summer, winter, fall, and spring

171 Note that the figures display the DSM selection for Portfolio D, as documented in Figure 9-10 and Figure 9-11. However, NIPSCO plans to pursue a DSM plan consistent with the incremental DSM selections identified in the Flat Load sensitivity, as documented in Section 9.3.5.2 and shown in the Preferred Portfolio summary in Figure 9-40, This would result in slightly more DSM than summarized in the supply-demand figures.

seasons, respectively.[172] As shown, natural gas and storage resources contribute most to the growing supply need across all seasons, particularly as the D-LOL construct reduces the expected accreditation of solar and wind capacity in 2028 and beyond.

Figure 9-41: Preferred Portfolio Supply-Demand Balance - Summer

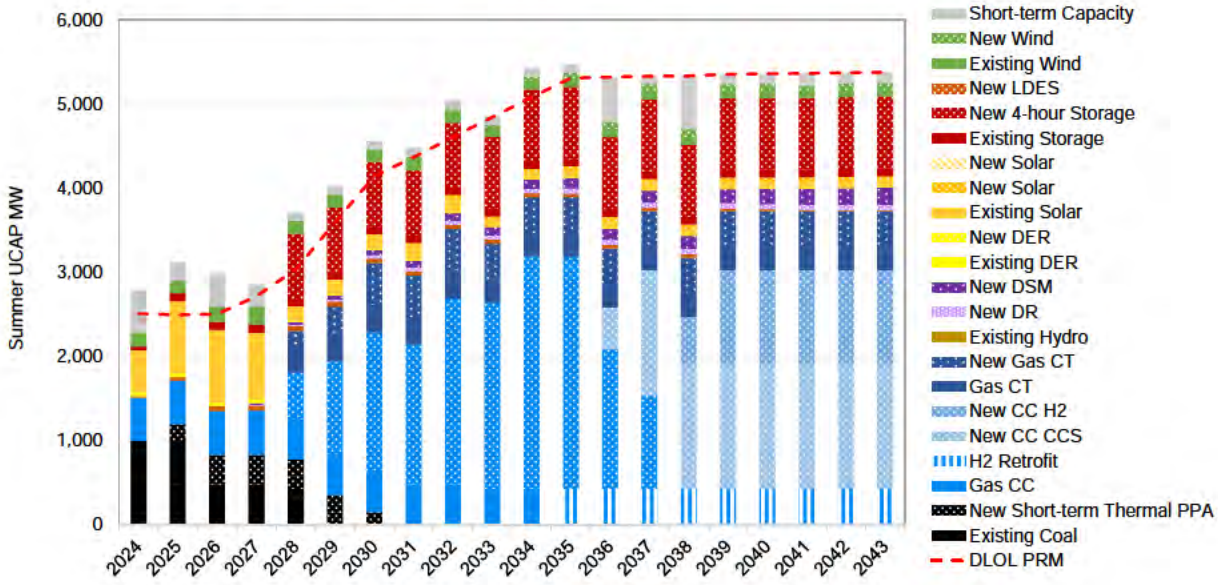
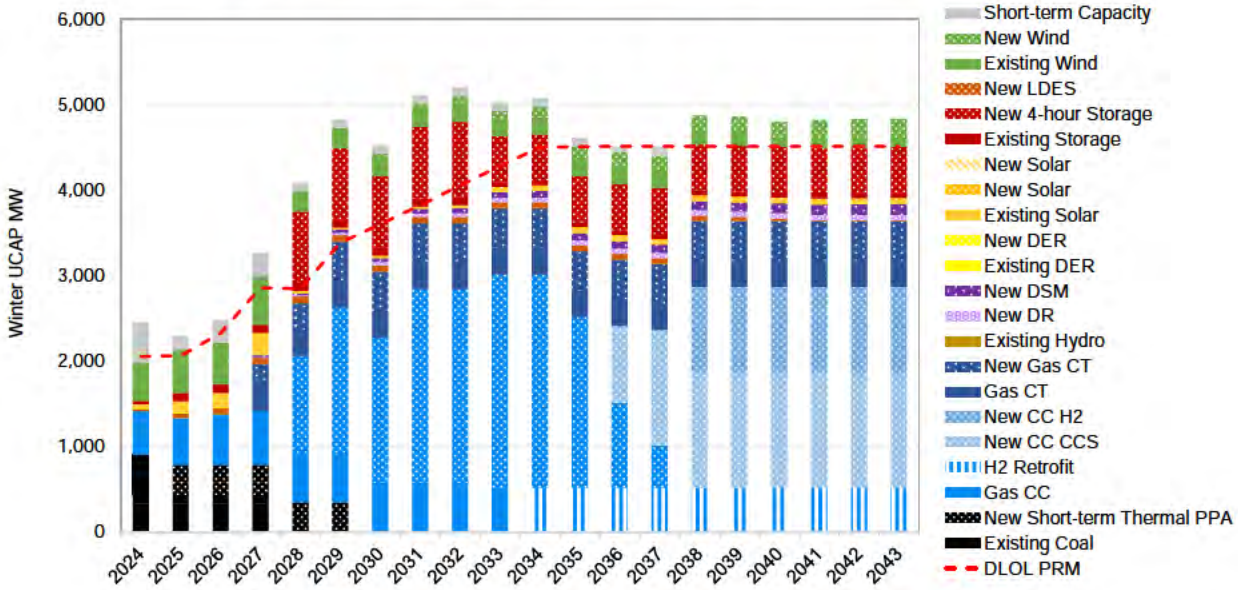


Figure 9-42: Preferred Portfolio Supply-Demand Balance - Winter



[172] Note that through the mid-to-late 2030s, the supply-demand balance reflects potential outage periods as combined cycle resources convert to CCUS or retrofit with hydrogen blending capabilities. Market purchases were assumed to cover short-term capacity needs in line with potential plant outages.

Figure 9-43: Preferred Portfolio Supply-Demand Balance - Fall

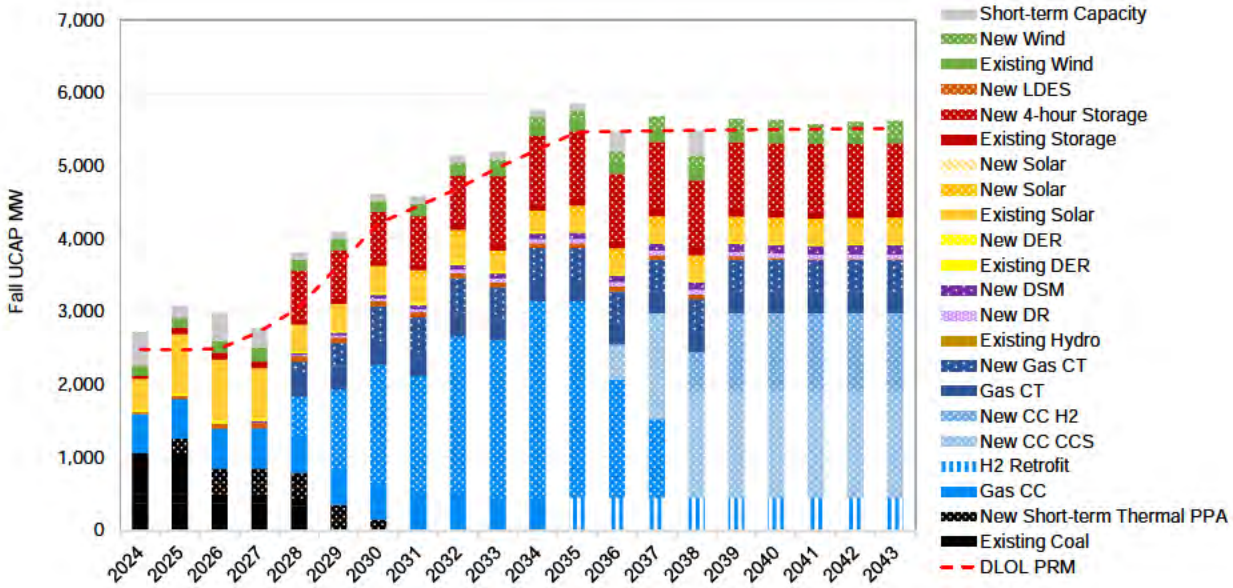


Figure 9-44: Preferred Portfolio Supply-Demand Balance - Spring

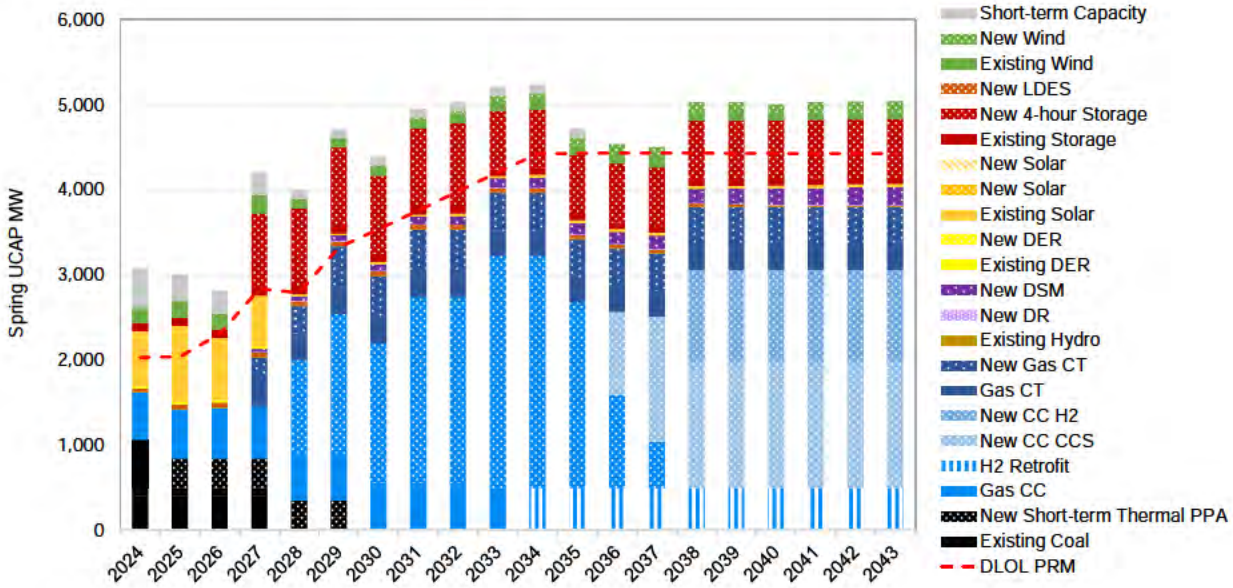
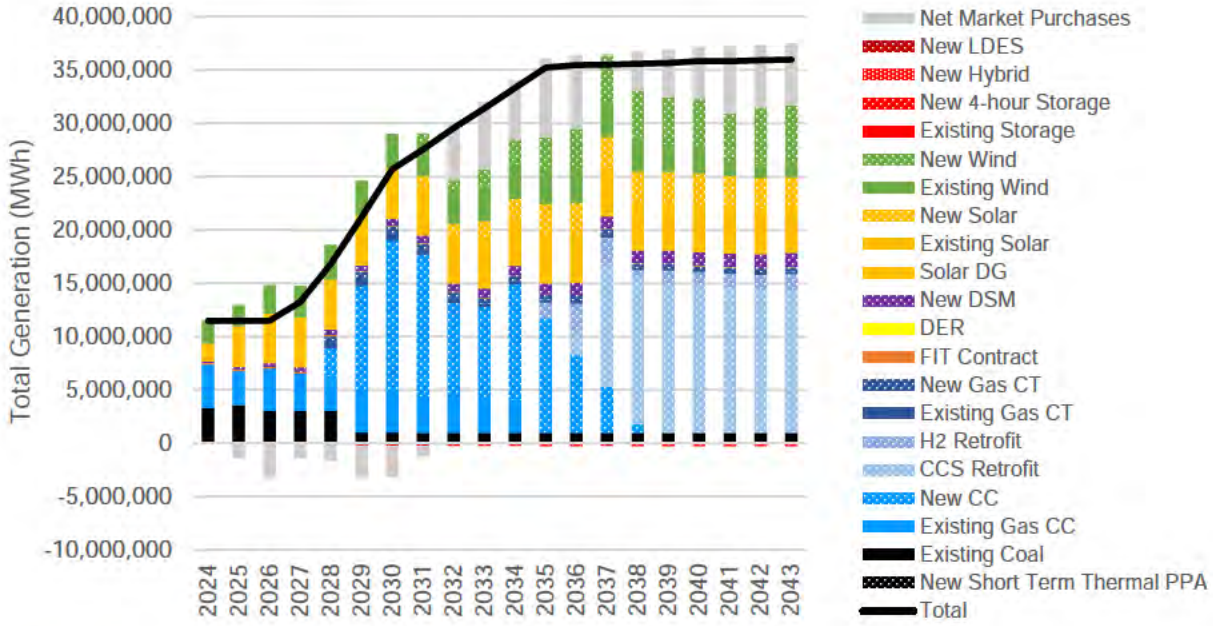


Figure 9-45 summarizes the expected energy balance for the preferred portfolio over time. As shown, new energy from combined cycle capacity additions is projected to meet growing load into the early 2030s. Under Reference Case conditions, the enforcement of a 40% capacity factor limit on new combined cycles as a result of the EPA GHG rules would result in a decline in natural gas generation after 2031. Over the mid-to-long term, NIPSCO's preferred portfolio adds new wind and solar energy and realizes increased energy savings from DSM programs.[173] In addition, in the mid-2030s, combined cycles are expected to covert to CCUS or blend hydrogen, with the largest energy contribution expected to come from CCUS facilities, given high projected capacity factors as a result of federal tax credit incentives.

Figure 9-45: Preferred Portfolio Energy Mix



9.4.1 Preferred Portfolio Summary

NIPSCO's preferred portfolio was developed to ensure that a reliable, compliant, flexible, diverse and affordable set of resources is available to meet future customer needs. As part of the portfolio selection process, NIPSCO also considered the impacts to its employees, the environment, reliability, and impacts on the local economy. NIPSCO's resource strategy is expected to:

- Continue to implement the Company's portfolio transition by integrating new renewable projects currently under development and taking the necessary steps to retire Units 17 and 18 at the Schahfer coal plant by the end of 2025 and Unit 12 at the Michigan City coal plant by the end of 2028;

[173] For modeling purposes, newly selected DSM programs are evaluated on the "supply side" and are shown accordingly.

- Continue the Company's commitment to EE and DR by executing the current filed DSM plan and continuing to plan for the most expansive economic residential and commercial DSM programs identified in NIPSCO's portfolio optimization analysis, as well as potential emerging energy savings and demand response opportunities with new large loads;

- Integrate new resources to meet the energy and capacity needs of potential large new customers;

- Ensure that system reliability is preserved as NIPSCO and the broader MISO market increase the amount of intermittent resource capacity and operate within the new D-LOL construct;

- Provide a cost-effective portfolio for customers while also balancing other objectives associated with rate stability, environmental sustainability, and positive social and economic impacts;

- Preserve flexibility in resource procurement and future resource optionality, particularly associated with long-term decarbonization initiatives;

- Continue to actively monitor federal policy, technology, and MISO market trends, while staying engaged with project developers and asset owners to understand the landscape of new resource options;

- Continue to invest in infrastructure modernization to maintain safe and reliable delivery of energy services;

- Continue to comply with NERC, MISO, and EPA standards and regulations.

It is important to remember that this preferred portfolio as part of the 2024 IRP is a snapshot in time and while it establishes a direction for NIPSCO, it is subject to change as the external operating environment changes. In addition, the submission of this plan and its resulting preferred portfolio does not stop the transparency of the process or engagement with stakeholders.

9.4.2 Financial Impact

Figure **9-46** shows NIPSCO's financial impact of Portfolio D_CCUS over the planning period. While NIPSCO's preferred portfolio intentionally retains flexibility, this summary is being provided as a baseline benchmark.

The 30-year NPVRR is broken down into operating and capital costs. The operating costs are split into the fixed and variable costs associated with both existing units and future resources, as well as contract costs and net market purchases. The capital costs include all capital-related costs for existing units and costs related to the acquisition of new resources in the preferred

portfolio. These costs include depreciation expenses, capital charges, and taxes.[174] In order to present a levelized net present value rate summary, the total energy forecast for NIPSCO is also discounted over the 30-year period at the same rate.

Figure 9-46: Financial Impact Summary[175]

Financial Impact Summary	
Operating Costs ($000)	$14,256,270
Capital Costs ($000)	$12,979,627
Total Revenue Requirement ($000)	$27,235,897
Total Energy Requirement (GWh)	310,807
Cents/kWh	8.76

Note that Total Energy Requirement is the discounted value of 30 years of energy forecasts, rather than a total sum. This is done to allow for the cents per kWh summary to be reflective of a levelized net present value calculation.

NIPSCO expects that existing cash balances, cash generated from operating activities, and funding through inter-company loan arrangements with its parent company will meet anticipated operating expenses and capital expenditures associated with NIPSCO's short-term action plan.

In the long term, future operating expenses as well as recurring and nonrecurring capital expenditures are expected to be obtained from a number of sources including: (i) existing cash balances; (ii) cash generated from operating activities; (iii) inter-company loan arrangement; (iv) additional external debt financing with unaffiliated parties; (v) new equity capital and (vi) tax equity financing. NiSource, Inc. procures external funding from the bank and capital markets (debt and equity). NiSource's long-term debt ratings are currently BBB at Fitch and Baa2 at Moody's.

9.4.3 Developments That Will Shape NIPSCO's Preferred Portfolio Implementation

As summarized in Section 2, NIPSCO identified several key themes that have influenced the development of this 2024 IRP and that will shape the ultimate implementation of NIPSCO's short-term action plan. As noted above, NIPSCO's preferred portfolio incorporates ranges of new resource additions to reflect the fact that several evolving external factors will influence final procurement decisions and future portfolio actions. These can broadly be categorized into factors associated with new large load additions; the implementation of MISO market rules changes;

174 Note that the value of federal tax credits are rolled into the net taxes line item.

175 The information is based on Portfolio D_CCUS under the Reference Case market assumptions. As discussed throughout this section, to preserve flexibility, NIPSCO's ultimate preferred portfolio may incorporate other long-term strategies around the D Portfolio concepts.

federal environmental policy, particularly associated with the future implementation of EPA GHG rules; and technology change.

9.4.3.1 Large Load Growth

NIPSCO's Reference Case load forecast incorporates 2,600 MW of new large load growth by 2035. Such load growth will require significant new resource additions to serve both energy and capacity requirements. The magnitude and pace of NIPSCO's load growth, however, is not certain, and NIPSCO will need to refine its resource acquisition strategy as specific customer requirements are defined. Within the 2024 IRP, NIPSCO evaluated a Flat Load portfolio and an Emerging High Load sensitivity with up to 8,600 MW of new load by 2035. These analyses provide a framework within which NIPSCO can implement its short-term action plan.

9.4.3.2 MISO Market Rules Changes

FERC approved MISO's D-LOL filing on October 25, 2024, so NIPSCO must now be prepared to operate under a revised capacity accreditation methodology. The portfolios developed in this 2024 IRP were evaluated based on the best accreditation information available as of the report's submission date, but NIPSCO expects MISO to continue to refine its modeling methodologies and provide additional guidance on future capacity accreditation levels between now and the 2028/29 planning period. Regional changes in load growth, load shapes, and the penetration of wind, solar, and storage resources will all impact future accreditation values for NIPSCO's resources (both existing and new), and NIPSCO will need to track updates accordingly. This 2024 IRP has concluded that new storage resources will likely play a role as the near-term "swing" resource type, meaning that NIPSCO will need to be flexible in its resource acquisition strategy to adapt its procurement activities to an evolving capacity need.

9.4.3.3 Federal Environmental Policy

Federal environmental policy is likely to remain dynamic. Most notably, the EPA GHG rules face both political and legal uncertainty that NIPSCO will continue to track, and these rules will dictate how NIPSCO can operate new natural gas-fired additions. While the Company's preferred portfolio was evaluated with the rules in force, NIPSCO's preferred portfolio is flexible enough to operate effectively even if challenges to the rules are successful or if they are revised in the future. In addition, the long-term decarbonization initiatives embedded in NIPSCO's preferred portfolio are contingent on the availability of federal tax credits for renewable, storage, and CCUS projects. NIPSCO will continue to monitor federal policy as it positions long-term portfolio actions and evaluates the timing of certain resource additions or retrofits.

9.4.3.4 Technology Change

The implementation of NIPSCO's preferred portfolio over the long-term is highly dependent on the evolution of emerging power sector technologies. Most notably, NIPSCO expects to continue to study CCUS and hydrogen in more detail over the next several months and years to understand the costs, challenges, and opportunities associated with such technologies. In addition, NIPSCO expects to further diligence its options associated with LDES technology,

particularly since several portfolios identified LDES as a potential near-to-mid-term resource that provides strong capacity accreditation and hedges against load and intermittent resource output uncertainty. Finally, NIPSCO will continue to assess other emerging technologies that may play a role in its future portfolio, including nuclear.

9.4.3.5 Other Factors

NIPSCO will again continue to perform project-specific analyses for any new loads and resources that may enter the portfolio to evaluate items such as congestion and nodal price risk, energy deliverability, and other reliability topics. This may include detailed nodal and power flow modeling and other local transmission and distribution system analyses.

9.5 Short-Term Action Plan

NIPSCO's short-term action plan covers the period 2025 to 2029 and includes several elements, as summarized in Figure 9-47.

9.6 Conclusion

The NIPSCO Integrated Resource Plan seeks to ensure reliable, cost-effective electric service for customers while maintaining a robust and diverse pool of supply-side generation and demand-side options. This 2024 IRP incorporated several emerging trends and expanded the analysis of risk and reliability to identify a preferred portfolio that is highly flexible to changing external conditions. It is no longer possible to view the world in terms of choosing a simple least cost option, and NIPSCO has identified an implementation roadmap that reflects the need to manage customer costs, minimize future environmental impacts, ensure reliability, maximize resource diversification, and preserve optionality over the long-term.

Figure 9-47: Short-Term Action Plan Summary

Complete and place in service the remaining renewable facilities and gas peaker project approved by the IURC but not yet operational
Complete retirement and shutdown remainder of Schahfer coal units (17,18) by the end of 2025
Complete the retirement of Michigan City 12 by the end of 2028.
Implement required reliability and transmission upgrades necessitated by retirement of the Michigan City 12 and Schahfer 16A/B
Continue implementation of filed DSM Plan for 2025 through 2026
Select the best storage projects from the 2024 RFP, optimizing existing interconnection rights and federal tax credit opportunities
Procure short-term capacity as needed from the 2024 RFP, the MISO market, or through short-term bilateral capacity transactions
Continue discussions with new data center customers and refine the near-to-mid-term load outlook as contracts are signed and expected loads are firmed
Perform additional diligence on the costs, feasible locations, and operational characteristics of new natural gas combined cycle and peaking additions necessary to meet new data center load.
Study potential future decarbonization pathways for gas-fired generation further, particularly CCUS and hydrogen blending
As needed, conduct a subsequent RFP(s) to identify additional resources that may be available with attributes that are consistent with those required to implement the preferred portfolio
Explore potential pilot projects from the RFP associated with emerging technologies, such as long duration energy storage and hydrogen
File CPCN(s) and other necessary approvals for selected replacement projects
Continue to actively monitor technology and MISO market trends, while staying engaged with project developers and asset owners to understand landscape
Perform additional reliability analysis within the NIPSCO system as needed to ensure evolving portfolio meets all reliability needs and requirements
Comply with NERC, EPA, and other regulations
Continue planned investments in infrastructure modernization to maintain the safe and reliable delivery of energy services

Section 10. Customer Engagement

10.1 Enhancing Customer Engagement

Understanding and incorporating the diverse needs and perspectives of NIPSCO's customers is important, and the Company is focused on continuously improving how it serves and engages with its customers. Whether it is transitioning to lower-cost and cleaner energy sources, helping customers understand changes and enhancements to their service, or listening to customer feedback about how they want to interact with NIPSCO, customers have been and continue to be the central focus.

NIPSCO was named among the most trusted utility brands by Escalent, following its 2024 Cogent Syndicated Utility Trusted Brand & Customer Engagement: Residential study. The ranking recognized only 33 brands nationwide, with NIPSCO scoring in the top three of their Midwest Region combination gas/electric peers. Escalent measured factors including customer advocacy, safety and reliability and environmental focus, among others. Their findings were based on a survey of more than 61,000 residential electric and natural gas customers, which included 142 electric, natural gas and combination utilities.

That trust is built through a variety of ways including our work to continually enhance our customer engagement, ensuring the services we provide are bringing customers value.

10.1.1 Leveraging Customer and Stakeholder Feedback

NIPSCO relies on customer feedback to uncover service improvement opportunities. Those feedback mechanisms include the Customer Advisory Panel, J.D. Power customer satisfaction surveys, MSR Group surveys, online customer panels, and comments and complaints that are emailed or called in to NIPSCO's customer care center, as well as the IURC Consumer Affairs Division. NIPSCO also surveys customers to determine customer satisfaction with its customer care center, interactions with field personnel, and with other interactions, such as mobile, integrated voice responses and the website. The company also researches best practices demonstrated by those within the utility sector and those outside the industry. Customer feedback is the primary driver behind many of the changes to operations, improvements to customer communications, enhancements to services and added programs, and other offerings that have been instituted in recent years.

Direct customer feedback has been critical in helping NIPSCO and its parent company, NiSource, to better understand and prioritize customer needs. Based on customer feedback and engagement data from February 2022 through June 2024, NIPSCO has significantly enhanced its customer service capabilities through various digital initiatives:

1. **Chatbot and Live Chat**: The chatbot has handled a substantial number of conversations, facilitating transactions such as account balance inquiries, payment status checks, and bill retrieval. Live chat availability has been expanded to improve accessibility, demonstrating NIPSCO's commitment to responsive customer support.

2. **Mobile App Enhancements**: NIPSCO has made 34 enhancements to its mobile app, including intuitive shortcut tiles for functions like payments, account registration, and service requests. The addition of three new payment plan options via the app has empowered customers to manage their finances conveniently.

3. **Website Improvements**: Over 90 enhancements on the NIPSCO website have enhanced user experience, featuring an interactive bill tool, a streamlined navigation menu, and improved accessibility for users with disabilities. Real-time email validation ensures accurate communications, while enhanced payment management capabilities cater to diverse customer needs.

4. **Digital Self-Service Adoption**: The adoption rate of digital self-service options has increased, with 82.7% of transactions completed through web, mobile app, IVR, and chatbot channels by June 2024. This growth highlights the effectiveness of NIPSCO's digital strategy in empowering customers to manage their accounts independently.

5. **Mobile App Usage**: The NIPSCO mobile app has been downloaded over 218,000 times since 2022, supporting more than 74,000 transactions related to service requests such as starting, stopping, or moving services.

Notably, NIPSCO.com was ranked the #1 Utility Website by E Source in 2023. NIPSCO participated in a Website Benchmark assessment through E Source, a company with 30+ years of industry expertise. The biennial list assesses utility websites in the US and Canada for findability, functionality, content and appearance. The report cited that utility websites must offer digital tools that support customers equitably, regardless of their background, abilities, language or level of access to technology. By doing so, utility companies promote self-service offerings that increase customer satisfaction and reduce operating costs, among other benefits.

These initiatives collectively underscore NIPSCO's efforts to enhance customer convenience, improve service accessibility and empower customers through efficient digital solutions. Customer feedback also allows NIPSCO to drive continuous incremental improvements across existing initiatives, including paperless enrollments and ongoing website enhancements and helps NIPSCO better understand areas in which customers are satisfied with their interactions and areas in which we can continue to improve across technologies, processes and experiences.

It is important for customers to understand what they are paying for and that they are getting good value. Along with working to improve these direct customer channels, NIPSCO has also made service improvements in recent years that directly benefit customers, including:

- Modernizing the electric system to improve system reliability, reduce outage time, and harden it against severe weather

- Replacing over 300 miles of a specific vintage of underground cable that was causing up to 90% of the outages on its underground system

- Modernizing electric distribution and transmission substations with equipment that helps monitor asset and system health, ensuring these technologies achieve their maximum life
- Inspecting and treating over 300,000 wood poles helping to harden its distribution system and improve reliability
- Maintaining reliability by coating and extending the life of more than 3,227 steel transmission structures since 2016 to protect against physical damage and weather conditions
- Continuing investments to thwart and protect against cybersecurity threats
- Reducing power outage durations by 40%
- Providing customers with 100% of the revenues when NIPSCO sells the excess power it generates back to the grid – including sales from the newly added renewable energy
- $70 million in savings for customers through eliminating fuel, purchase power, and operating and maintenance costs by retiring NIPSCO's coal-fired generating units

10.1.2 Customer Education – Generation Transition, Energy Efficiency and Assistance

NIPSCO's 2024 Integrated Resource Plan continues to demonstrate that a more balanced electric generation portfolio is the best option for customers in terms of long-term affordability and reliability in terms of long-term affordability and reliability. As NIPSCO continues this generation transition, it is important for customers to understand why and how this transition will occur to maintain customer trust and confidence in the essential, reliable energy this balanced portfolio provides.

Along with making this cost-effective electric generation transition, NIPSCO remains committed to supporting its customers through a variety of assistance programs. For those facing financial difficulties, NIPSCO offers comprehensive bill payment assistance initiatives. These include payment agreements tailored to provide flexibility during times of financial strain, such as three-month, six-month, and twelve-month options designed to ease the burden of overdue balances. Introduced in 2020, these plans continue to be available to eligible customers, ensuring manageable payment schedules that align with their financial circumstances.

In addition to its in-house payment plans, NIPSCO collaborates with federal, state, and local agencies to extend support through programs like LIHEAP. LIHEAP provides vital financial aid to households with incomes at or below 60% of the State Median Income, helping them manage

their energy bills during critical times. Applications for heating assistance under EAP are accepted annually from Oct. 1 through April 14 ensuring timely support for eligible families across Indiana.

Furthermore, NIPSCO's CARE Program offers additional discounts on energy bills for qualifying customers using natural gas for heating, supplementing the benefits provided by LIHEAP. This program runs during the colder months of the year when bills can be at their steepest, providing significant savings depending on household income levels. For customers facing specific financial hardships related to energy costs, NIPSCO's Hardship Program offers targeted assistance through local Community Action Agencies, providing much-needed relief for natural gas customers falling between 151-250% of the Federal Poverty Level.

Since NIPSCO's last Integrated Resource Plan in 2021, two additional hardship programs have been introduced to assist NIPSCO customers:

- **SERV:** The Supply Energy Resources to Veterans (SERV) program is an income-eligible assistance program that offers a one-time benefit to our active military and eligible veteran customers that fall between 0-250 percent of the federal poverty level and is in need of financial assistance with gas residential utility charges. Learn more at https://www.nipsco.com/bills-and-payments/financial-support/income-eligible-assistance-programs

- **SILVER:** The Seniors in Indiana Low-income & Vulnerable Energy Resource (SILVER) program is an income-eligible assistance program that offers a one-time benefit to our senior citizen customers 60 years of age or older that fall between 0-250 percent of the federal poverty level and is in need of financial assistance with gas residential utility charges. Learn more at https://www.nipsco.com/bills-and-payments/financial-support/income-eligible-assistance-programs

Recognizing the diverse needs of its customers, NIPSCO also facilitates access to local resources such as Township Trustees, who administer limited energy assistance funds. These trustees can offer individualized support to eligible residents, further enhancing the reach and effectiveness of NIPSCO's assistance efforts. Additionally, renters in need of support can avail themselves of the Indiana Emergency Rental Assistance (IERA) Program, which provides comprehensive rental and utility assistance for up to 18 months.

In addition to helping customers to manage their bill NIPSCO also promotes energy efficiency. This is not only good for customers, but it can also play an important role in helping ensure that we can meet future energy needs. NIPSCO offers a variety of programs to help residential and business customers save energy. The programs are tailored to customers and designed to provide education and identify opportunities to ensure energy savings. Since 2010, NIPSCO customers have saved more than 1.7 million megawatt hours of electricity by participating in the range of energy efficiency programs offered by NIPSCO. Technologies continue to change, and it's important that we constantly evaluate our program and measure offerings. We regularly track and report on program performance, which helps to inform and improve future program filings and customer offerings.

By proactively engaging with customers and offering tailored assistance programs, NIPSCO continues to demonstrate its commitment to supporting community well-being and ensuring energy affordability during challenging times. Through dedicated website landing pages, informative fact sheets, timely bill inserts, strategic media placements, and more, NIPSCO ensures that customers are well-informed and empowered to access the full range of assistance programs available to them, supporting their energy needs with clarity and transparency.

10.2 Community Partnerships

10.2.1 Community Advisory Panels

Another NIPSCO engagement avenue with customers and stakeholders is the use of CAPs, which serve as a forum to discuss new company initiatives and programs as well as to educate and facilitate feedback regarding service and other NIPSCO-related matters in our communities. NIPSCO has five regional CAPs across the Company's northern Indiana footprint. CAPs are composed of individual customers and local government and community leaders representing a diverse, broad cross-section of NIPSCO customers. Meetings are held three times a year featuring internal and external presenters to help the company identify communication improvements, highlight information about helpful customer programs and outreach efforts, and create a channel for ongoing dialogue and feedback. NIPSCO senior management meets with each of the regional CAPs once a year to share the Company's strategic direction and to ask members of the CAPs for insight on emerging issues.

10.3 Customer Programs

10.3.1 Feed-in Tariff (FIT)

NIPSCO's FIT Phase I was approved on July 13, 2011, in Cause No. 43922. Implementation began immediately as a three-year pilot program with a 30 MW capacity cap. Phase I offered a higher rate to participants selling electricity than the retail electric rate in the current approved sales tariffs and provided an incentive to encourage development of renewable generating resources. The pilot program was designed to help maximize the development of renewable energy in Indiana, which welcomed biomass, wind and solar resources. The FIT provides the customer a sell-back opportunity to NIPSCO at a predetermined price for up to 15 years through a RPPA. Participating customers receive payment from NIPSCO for the amount of electricity generated and delivered to NIPSCO through an approved interconnection and metering point.

Additional program details:

- The participating generator must be an existing NIPSCO electric customer.
- An Interconnection Agreement and Renewable Power Purchase Agreement are required to reserve capacity or enter the queue.

- The customer is responsible for interconnection fees and installation costs in accordance with the Indiana Administrative Code.
- The customer is responsible for maintenance and proper operation of the generating device in a safe manner consistent with the Interconnection Agreement.

Phase I concluded in March 2015 with a total subscription of 29.7 MW and is summarized in Table 10-1.

Table 10-1: FIT Phase I In-Service

Technology	Total FIT (kW)
Biomass	14,348
Solar (large)	14,500
Solar (small)	690
Wind (large)	150
Wind (small)	10
New Hydro	0
Total	**29,698**

NIPSCO's FIT Phase II was approved on February 4, 2015, in Cause No. 44393. NIPSCO released Phase II, Allocation I of the FIT program in March 2015 and Phase II, Allocation II in March 2017. Phase II allows for an additional 16 MW of renewable capacity, bringing the total FIT capacity cap up to 46 MW. Table 10-2 shows the subscription for Phase II as of July 2024.

Table 10-2: FIT Phase II Project Totals

Technology	In-Service (kW)	Queue (kW)	Total FIT (kW)
Micro Solar	436	43	479
Intermediate Solar	6,370	200	6,570
Micro Wind	20	0	20
Intermediate Wind	0	0	0
Biomass	0	0	0
Total	6,826	243	7,069

With over 36 MW of capacity currently interconnected in the FIT program, as of Dec. 31, 2023, NIPSCO had a total metered generation from customers selling electricity of 1,188,625 MWh. Despite continued interest in the FIT program, there are no plans to offer another FIT program in the future. Table 10-3 shows the annual production and growth by technology segment.

Table 10-3: Annual Production by Technology – Generation (MWh)

Year	Biomass	Intermediate Solar	Micro Solar	Intermediate Wind	Micro Wind	Total
2011	6,219,791	0	0	0	0	6,219,791
2012	19,152,432	433,758	118,895	0	3,588	19,708,673
2013	31,602,728	15,789,457	471,806	90,113	15,721	47,969,825
2014	49,916,700	21,665,115	718,758	165,880	12,051	72,478,504
2015	81,369,723	22,436,103	818,332	217,949	9,462	104,851,569
2016	83,552,339	22,696,839	825,066	165,593	8,019	107,247,856
2017	89,486,440	24,391,349	848,789	167,807	8,487	114,902,872
2018	94,942,135	27,450,274	848,789	179,797	8,487	123,429,482
2019	94,551,873	26,707,084	857,037	142,631	8,381	122,267,006
2020	96,144,048	30,345,387	899,064	115,177	7,880	127,511,556
2021	96,195,974	30,761,852	1,047,838	88,207	4,333	128,098,205
2022	77,891,838	27,893,285	1,109,705	118,714	4,924	107,018,466
2023	79,614,091	26,016,366	1,192,461	95,105	3,515	106,921,537
Total	900,640,112	276,586,868	9,756,540	1,546,973	94,848	1,188,625,342

10.3.2 Excess Distributed Generation Tariff

The Net Metering program ended for new customer applications for non-residential customers on Oct. 1, 2021, and for residential customers on June 20, 2022. The EDG Tariff replaced Net Metering. NIPSCO's EDG Tariff allows customers to install renewable energy generation to offset all or part of their own electricity requirements. An EDG credit is applied to a customer's bill if a customer generates more energy than they consume. If a customer produces more than they need, they receive a utility bill credit that can be applied to reduce their bill in the amount of 125% of market priced power for all excess distributed generation. Production is measured on a per kWh basis. To be eligible, a customer must be in good standing and operate a solar, wind, biomass or hydro generating facility that has a nameplate capacity of less than or equal to 1 MW. NIPSCO follows the rules and guidelines in the Indiana Administrative Code regarding EDG and the interconnection process. Customers with a fully executed EDG Agreement and Interconnection Agreement receive credit for generation provided to NIPSCO above their own usage requirements. The current number of EDG customers as of Dec. 31, 2023, is shown in Figure 10-1.

Figure 10-1: Classification of EDG

Non-Residential				Residential			
Number Customers	Total Capacity	Battery Storage		Number Customers	Total Capacity	Battery Storage	
		kW	kWh			kW	kWh
23	2583.63	4.5	9	83	856.86	99.8	200.8

10.3.3 Green Power Rider (GPR) Program

NIPSCO's GPR program was approved on Dec. 19, 2012, in Cause No. 44198. NIPSCO's request for an extension of its GPR program, with certain modifications and as a component of NIPSCO's approved tariff on a non-pilot basis, was approved on Dec. 30, 2014, in Cause No. 44520. The GPR Program is a voluntary program that allows customers to designate a portion or all their monthly electric usage that they want to be renewable energy. Customers can enroll online or by calling NIPSCO.

Green power is energy generated from renewable and/or environmentally friendly sources or a combination of both, which meets the Green-e® Energy National Standard for Renewable Electricity Products in all regions of the United States. Eligible sources of green power include solar, wind, geothermal or hydropower that is certified by the Low Impact Hydropower Institute; solid, liquid, and gaseous forms of biomass; and co-firing of biomass with non-renewables. Green power includes the purchase of RECs from the sources described above. For the GPR program, NIPSCO's residential electric customers can designate 25%, 50% or 100% of their total electricity usage they would like to be renewable energy. In addition to those options, NIPSCO's nonresidential customers also have the option to designate 5% or 10% of their total electricity usage they would like to be renewable energy. As of Dec. 31, 2024, 1,600 customers were participating in the GPR Program. Figure 10-2 shows the breakdown among residential customers as of Dec. 31, 2023.

Figure 10-2 GPR Program Residential Customer Count

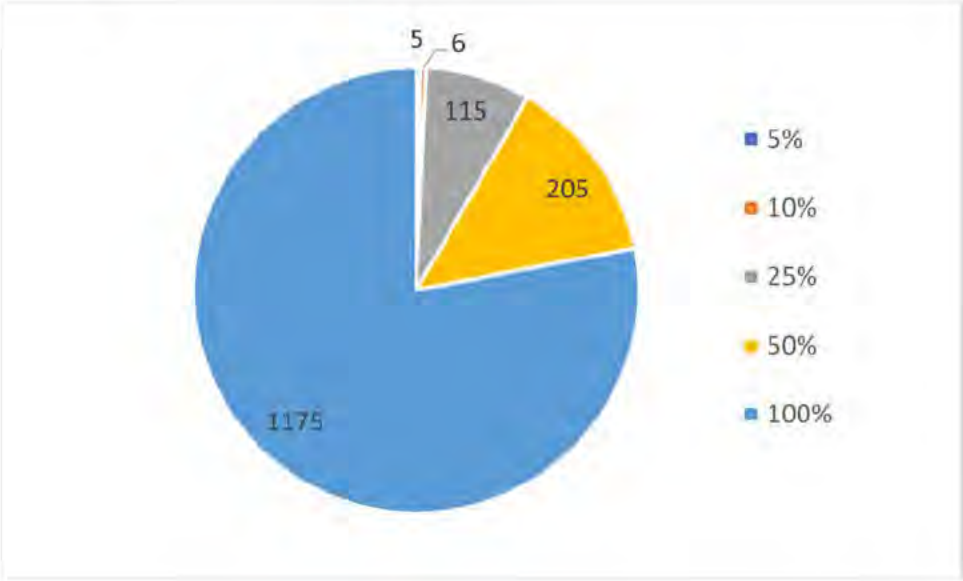
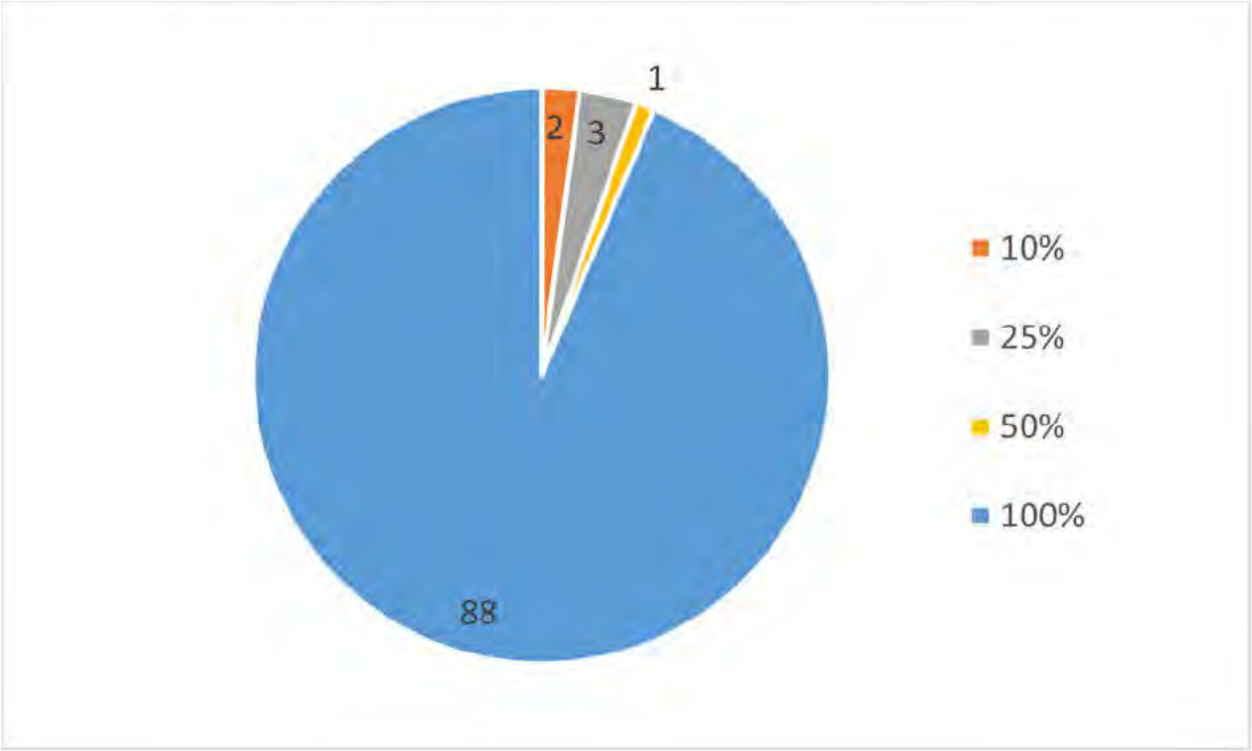


Figure 10-3 shows the breakdown of commercial and industrial customers as of December 31, 2023.

Figure 10-3: GPR Program Commercial Customer Count



NIPSCO's GPR program from Jan. 1 through Dec. 31, 2023, accounted for 376,983,386 kWh of energy consumption designated as green power. Residential customers accounted for 10,119,490 kWh of energy consumption, and nonresidential customers accounted for 366,869,896 kWh of energy consumption of designated green power. For both residential and commercial customers, the majority of the GPR program enrollments designate 100% of their energy as green power. Table 10-4 shows the energy consumption designated as Green Power for participating customers, by rate type, for the period Jan. 1 through Dec. 31, 2023.

Table 10-4: Green Power Customers by Rate Type (kWh)

2023	Residential	Nonresidential
January	955,852	35,769,593
February	785,049	28,138,645
March	755,862	39,428,393
April	693,840	27,357,435
May	648,145	41,867,313
June	792,617	40,902,897
July	1,077,787	33,823,421
August	1,133,238	36,111,684
September	1,041,851	35,284,240
October	707,356	20,234,459
November	692,436	10,722,534
December	835,459	17,223,285
Total	10,119,490	366,863,896

Participating customers are billed under their current applicable rates, with a separate line item showing the premium to participate in the GPR program. This premium is calculated by multiplying the GPR rate by the kWhs the customer specifies to be subject to the GPR. Table 10-5 shows the green power premiums applicable during the period July 1, 2021, through June 30, 2025.

Table 10-5: Green Power Rates

July 2021 to June 2022	July 2022 to June 2023	July 2023 to June 2024	July 2024 to June 2025
$0.005439	$0.003092	$0.001992	$0.000932

10.3.4 Green Path Rider Program

NIPSCO's Green Path Rider Program was approved on Nov. 23, 2022, in Cause No. 45730. Green Path is a voluntary program which allows customers to designate a portion or all their monthly natural gas usage to be supplemented by a combination of RNG and carbon offsets to allow them to offset emissions from their natural gas usage. Customers can enroll online or by calling NIPSCO.

Carbon offsets purchased for NIPSCO are on a global scale and are registered, recognized, and retired by such registries as Verra; Climate Action Reserve; American Carbon Registry; UN CDP; or The Gold Standard. M-RETS®, a non-profit organization that utilizes a web-based system, tracks and confirms the RNG attributes NIPSCO acquires. Both NIPSCO residential and non-residential customers can elect to designate 25%, 50%, or 100% of their monthly natural gas therm usage to participate in the Green Path program.

Customers shall pay a fixed volumetric charge reflecting the cost of the RNG environmental attributes and carbon offsets needed to reflect the selected 25%, 50% or 100% reduction in emissions. The fixed volumetric charge shall be reviewed and may be adjusted annually by the Company and approved by the Commission. The fixed volumetric charges set forth below are effective for bills rendered for the billing month of January 2024, and will remain in place until new fixed volumetric charges are approved by the Commission in a subsequent proceeding:

- 25% Emissions Reduction $0.05625 per Therm for all Therms used per month
- 50% Emissions Reduction $0.1125 per Therm for all Therms used per month
- 100% Emissions Reduction (Net Zero) $0.225 per Therm for all Therms used per month

As of July 2024, NIPSCO has 415 residential customers participating in Green Path and 5 non-residential customers for a combined total of 420 customers.

Count of CUSTOMER ACCOUNT	**Column Labels**			
Row Labels	**25**	**50**	**100**	**Grand Total**
311 - Res	140	99	176	415
321 - Com		1	4	5
Grand Total	**140**	**100**	**180**	**420**

10.3.5 Transportation Decarbonization: DC Fast charging stations & IDEM Grant

NIPSCO has completed installation of 8 EV Fast Charging Stations as part of two grant awards: (1) an IDEM grant award being managed as part of the Indiana Volkswagen Environmental Mitigation Trust Fund Committee and (2) a grant award from the White County Economic Development Committee. In addition, NIPSCO was selected as an award winner for two NEVI site grants being managed by INDOT. These two NEVI grants will be used to expand one of the currently existing DC Fast Charging Stations in Merrillville, Indiana and the other will be used to install a new station in Gary, Indiana, which will bring the total NIPSCO owned EV Fast Charging Stations to nine once completed. In addition, NIPSCO continues to seek and explore additional funding opportunities to assist with transportation electrification efforts for our customers.

10.3.6 Advanced Metering Infrastructure (AMI)

In 2024, NIPSCO announced plans to enhance electric and gas metering systems by deploying AMI technology. The initiative aims to upgrade services for customers across the region. The deployment will cover 490,000 electric customers over the next three years and 870,000 gas customers throughout NIPSCO's service area.

Installation of electric AMI meters and gas AMI communications devices has already begun. As of November 2024, approximately 78,000 electric AMI meters and approximately 61,000 gas AMI communications devices have already been installed in NIPSCO's service area, marking a significant step forward in the modernization effort. Installation of gas AMI communications devices is expected to be completed by the end of 2026 and the rollout of electric AMI meters is expected to be completed by the end of 2027.

Integration of AMI technology will allow NIPSCO to provide improved responses for outages and emergencies and lay the foundation for greater energy efficiency offerings, cost savings, and more granular billing information for customers. NIPSCO will also be able to read and access customer meters remotely.

10.3.7 Supporting Economic Growth

NIPSCO partners with community leaders and state, regional, and local economic development organizations to attract and support the expansion of new and existing businesses and to help create more jobs across the NIPSCO service territory. In addition to being one of the largest employers in the region, NIPSCO invests $1.1 million in economic development efforts each year, which has resulted in 88 new businesses or expansions and 11,000 local jobs in the past 10 years. The NIPSCO Economic Development team participates in local and regional economic development boards and helps promote and market our service territory for new investment. NIPSCO's Economic Development team works closely with the state of Indiana, local government, economic development professionals, and the real estate/developer community to help attract and land key investments that create jobs and increase local tax revenue in the communities we serve.

NIPSCO's Economic Development Rider 577 allows NIPSCO to offer an incentive for new investment within our service territory. This rate can be offered on existing tariff services for qualifying projects that bring new jobs and investment from outside the NIPSCO service territory. When coupled with local and state incentives, a powerful package is created with often positive results.

10.3.8 Supplier Diversity

Cultivating a diverse pipeline of suppliers helps bring innovative ideas and processes, a competitive advantage, and other benefits to NIPSCO's communities. NIPSCO has created a supplier diversity program that strengthens and widens the playing field for qualified suppliers who are typically underutilized in the supply chain of a large corporation.

In 2023, NIPSCO's direct supplier spending in Indiana was $1.5 billion. Of that, $204.6 million was spent on diverse businesses and $57.5 million was spent with diverse subcontractors.

10.3.9 Workforce Development

NIPSCO continues to lead efforts and partnerships focused on workforce development – both for the current and future workforce generations. Some recent highlights include:

- **Ivy Tech Power Your Future Program & FLEX Lab:** NIPSCO has partnered closely with Ivy Tech Community College to drive workforce innovation, notably through initiatives such as the "Power Your Future" program. This collaborative effort was bolstered by a $50,000 grant from the NISOURCE Foundation to Ivy Tech - Lake County Campus, aimed at inspiring diverse students in grades 7 to 12 to pursue careers in the energy and industrial technology fields. This initiative complements NIPSCO's sponsorship of the FLEX Lab within Ivy Tech's Energy Technology Program in Valparaiso, where students gain hands-on training in essential skills like climbing techniques and industrial wiring. Upon completion, graduates earn an associate degree in Energy Technology and a technical certificate in Electric Line Technology, directly preparing them for roles at NIPSCO. Beyond financial support, NIPSCO encourages its employees to engage directly with local classrooms across Lake County, sharing personal career journeys and insights. This volunteer effort not only enriches educational experiences but also fosters a future workforce well-equipped for the utility industry's demands. By investing in education and community involvement, NIPSCO and Ivy Tech are collaboratively shaping a promising future for aspiring professionals in Indiana's energy sector, addressing critical workforce needs and highlighting the diverse and rewarding career opportunities available.

- **NIPSCO Energy Academy:** Started in 2014, the NIPSCO Energy Academy program is a partnership designed to prepare area students for high-demand jobs in the electronics, energy, and utility industries. It is the first initiative of its kind in Indiana, and it will serve students from Michigan City High School, LaPorte High School, New Prairie High School, South Central High School, LaCrosse High School, and Westville High School.

- **IN-POWER Youth Mentoring Program:** In its 14th year, NIPSCO's IN-POWER Youth Mentoring Program has been a unique mentoring program for local high school students that takes a holistic approach to developing a more highly skilled future workforce in the energy sector. The program was expanded with IN-POWER STEM PLUS, designed to give 7th and 8th grade students a firsthand experience on gas and electric safety while teaching them about the various aspects of STEM needed in the energy sector. NIPSCO employees and American Association of Blacks in Energy Indiana members serve as mentors and instructors. Participants receive college credits, unique mentoring and internships, among other opportunities.

- **NIPSCO Energy Ambassador Program:** The NIPSCO Energy Ambassador program, in partnership with the Urban League of Northwest Indiana, Inc., is a college- and career- readiness program that has been going strong for seven years. This opportunity invites 11th and 12th grade students throughout northwest Indiana to participate in virtual workshops, field trips, meetups, community engagement and activities designed to educate students about NIPSCO's operations and encourage STEM learning.

- **Free Gas Training Safety Event for Local Fire Departments:** NIPSCO plays a vital role in community safety by offering comprehensive natural gas safety training to fire departments across NIPSCO's service area. Since 2018, nearly all fire departments—approximately 99%—have participated in this initiative, benefiting around 8,000 first responders. This training equips firefighters with essential skills and knowledge to effectively handle natural gas emergencies, covering topics such as the gas distribution system, characteristics of natural gas, and safe response tactics. Led by experienced trainers who are former firefighters themselves, the program includes live demonstrations to illustrate potential hazards like ignitions and explosions. NIPSCO's commitment to continuous education and preparedness not only ensures compliance with safety standards but also fosters strong community partnerships, enhancing overall safety and response capabilities in the region.

- **OJT Coach Program for Power Delivery:** Launched in 2021, NIPSCO's On the Job Training (OJT) coach program for Power Delivery enhances workforce development by providing rigorous training and support for field employees. This program builds on an existing structured OJT model and includes collaboration with Northwest Lineman College. The training combines 70% hands-on field learning with structured instructor-led sessions, facilitated through iPads for easy access to training materials. OJT coaches reinforce formal instruction and ensure safety and standards compliance through regular knowledge checks and performance evaluations. This program aims to develop critical competencies in apprentices, contributing to their safe and effective performance in the field.

- **Mobile Unit Partnership with Workforce Innovations:** The launch of a new mobile unit, made possible by a $100,000 grant from the NIPSCO/NiSource Charitable Foundation, is a significant development by the United Way of Northwest Indiana in partnership with the Center of Workforce Innovations (CWI). This mobile unit is part of the Level Up program, which aims to assist struggling working individuals in developing new skills, stabilizing their finances, and finding better-paying jobs. The unit addresses barriers such as lack of transportation and limited free time by bringing resources directly to communities in need. The mobile unit visits libraries, career events, community gatherings, and client-serving organizations across Northwest Indiana. Other goals of the program include reducing social-emotional barriers for students, increasing students' interest in STEM careers, boosting self-esteem and supporting educational goals.

- **Junior Achievement Support:** NIPSCO provides annual support for classroom business education programs through both contributions and volunteer instructors across NIPSCO's service area. NIPSCO has supported a "JA Day" in a local Hammond and East Chicago school systems where NIPSCO employees go into a local school and deliver JA curriculum. NIPSCO employees also participate in local career fairs through JA, showing local students what kind of job opportunities there are throughout the region. In 2024, NIPSCO partnered with JA to support the

launch of virtual platform called Metaversity that will allow students to learn about different careers in a virtual interactive environment.

- **Girl Scouts Engineering Day:** For more than ten years, NIPSCO has hosted more than area girls from kindergarten to 5th grade for the annual Introduce a Girl to Engineering Day. The girls come from local Girl Scout troops, community members along with some young relatives of NIPSCO and NiSource employees. The five-hour event is part of the company's efforts to help build the next generation of female leaders, support local communities and provide opportunities for local students interested in STEM-related careers. The event is organized by the employee resource group Developing and Advancing Women at NiSource.

10.3.10 Corporate Citizenship

At NIPSCO, being a responsible corporate citizen is at the core of who we are. We are committed to building a better future, fueled by the belief that by coming together, we can improve the lives of those who need it most. Each year, NIPSCO donates time, money and other resources to hundreds of local philanthropic programs and organizations across its 32-county service area, focusing on:

- Safety
- Economic and workforce development
- Environmental stewardship
- STEM and energy education
- Basic needs and hardship assistance

Through these programs and partnerships, NIPSCO is working hard with its communities to build a brighter future for years to come.

10.3.11 Targeted Grants

NIPSCO helps fund environmental projects and programs through its annual Environmental Action Grant. To date, NIPSCO has helped 124 projects come to fruition across northern Indiana. The 15 projects funded in 2023 by the NiSource Charitable Foundation provided funds to projects focused on Monarch butterflies, habitat restoration, youth outdoor nature education and sustainability programming. Many funded projects and programs included a significant volunteer and community engagement component, encouraging community members to give back through environmental stewardship projects.

In its sixth year, NIPSCO's Public Safety Education and Training Action Grant provided funding to 16 local nonprofit organizations and first responders with their public safety education and training across northern Indiana. Some of the projects included distribution of carbon

monoxide detectors to residents, carbon monoxide educational training and lithium-ion battery response training.

In 2023, together with the NiSource Charitable Foundation and direct employee contributions, NIPSCO donated over $2.4 million to more than 250 local non-profits and community organizations and volunteered more than 2,700 service hours throughout the NIPSCO service territory.

A highlight of that effort includes NIPSCO's annual Charity of Choice campaign, a collaborative initiative led by employees, aiming to make a meaningful impact through volunteer work in diverse community projects throughout NIPSCO's service area. NIPSCO employees accumulated 800 volunteer hours for local organizations. Recent benefactors and causes selected by employees have included local food banks, a domestic violence shelter, Humane Indiana, a United Way chapter, Boys & Girls Clubs, to name a few.

10.3.12 Charitable Giving

In 2023, NIPSCO and the NiSource Charitable Foundation provided funding to organizations focused on making positive contributions to the communities we are privileged to serve.

- $100,000 to United Way of Northwest Indiana: This donation provided collaborative partnership with the Center of Workforce Innovations to develop two handicap-accessible mobile resource centers. This project combines resources from both agencies to make a strong impact in our communities.

- $50,000 to Believe in a Dream: Believe in a Dream received funds to scale up its Pave The Path program. The program focuses on youth development, empowering high school students across Northeast Indiana to discover their strengths, and personal brand, and explore leadership experiences through community connections.

- $50,000 to Hilltop Neighborhood House: Funds will be used to build the Hilltop Mission Kitchen, a community soup kitchen to serve meals to food-insecure people living in Valparaiso and provide cooking and life skills classes for clients. NIPSCO manager and Hilltop board member, Ryan Hutnick, leveraged this donation with a volunteer event to install board siding on the facility.

- $35,000 to Purdue Northwest University: Purdue Northwest University used the funds to host the Summer Innovation Makers STEM Camp in July 2023. This week-long camp introduced Northwest Indiana high school sophomores and juniors to entrepreneurship and experiential learning through inventing, building a business and pitching investors with access to the maker lab's cutting-edge technology.

- $25,000 to the Nature Conservancy: Funds were used to create an outdoor pavilion and two public viewing platforms to support Kankakee Sand's Welcome Center and

bison viewing initiative. There are over 100 bison grazing and roaming in the Kankakee Sands Reserve, supporting biodiversity and restoring northwest Indiana's prairie.

Section 11. Compliance with IRP Rule

Rule	Section(s)
170 IAC 4-7-2: Integrated Resource Plan Submission	
(c) On or before the applicable date, a utility subject to subsection (a) or (b) must submit electronically to the director or through an electronic filing system if requested by the director, the following documents: (1) The integrated resource plan.	Submitted via email on December 9, 2024
(2) A technical appendix containing supporting documentation sufficient to allow an interested party to evaluate the assumptions in the IRP. The technical appendix shall include at least the following: (A) The utility's energy and demand forecasts and input data used to develop the forecasts. (B) The characteristics and costs per unit of resources examined in the IRP. (C) Input and output files from capacity planning models, in electronic format. (D) For each portfolio, the electronic files for the calculation of the revenue requirement if not provided as an output file. If the utility does not provide the above information, it shall include a statement in the technical appendix specifying the nature of the information it is omitting and the reason necessitating its omission. The utility may request confidential treatment of the technical appendix under section 2.1 of this rule.	Confidential Appendix D
(3) An IRP summary that communicates core IRP concepts and results to non-technical audiences in a simplified format using visual elements where appropriate. The IRP summary shall include, but is not limited to, the following: (A) A brief description of the utility's: (i) existing resources; (ii) preferred resource portfolio; (iii) key factors influencing the preferred resource portfolio; (iv) short term action plan; (v) the IRP public advisory process; and (vi) any additional details the commission staff may request.	Executive Summary

Rule	Section(s)
(B) A simplified discussion of resource types and load characteristics. The utility shall make the IRP summary readily accessible on its website.	
(d) Contemporaneously with the submission of an IRP, a utility shall provide to the director the following information: (1) The name and addresses of known entities considered by the utility to be interested parties. (2) A statement that the utility has sent known interested parties, electronically or by deposit in the United States mail, first class postage prepaid, a notice of the utility's submission of the IRP to the commission. The notice must include the following information: (A) A general description of the subject matter of the submitted IRP. (B) A statement that the commission invites interested parties to submit written comments on the utility's IRP within 90 days of the IRP submittal. An interested party includes a business, organization, or particular customer that participated in the utility's previous public advisory process or submitted comments on the utility's previous IRP. A utility is not required to separately notify other customers. (3) A statement that the utility served a copy of the documents submitted under subsection (c) on the OUCC.	Transmittal Letter
170 IAC 4-7-2.6: Public Advisory Process	
(a) The following utilities are exempt from this section: (1) Indiana Municipal Power Agency; (2) Hoosier Energy Rural Electric Cooperative; (3) Wabash Valley Power Association. (b) The utility shall provide information requested by an interested party relating to the development of the utility's IRP within fifteen (15) business days or the agreed timeframe, it shall provide a statement to the director and the requestor as to the reason it is unable to provide the requested information. (c) The utility shall solicit, consider, and timely respond to all relevant input relating to the development of the utility's IRP provided by: (1) interested parties; (2) the OUCC; and (3) commission staff. (d) The utility retains full responsibility for the content of its IRP.	N/A
(e) The utility shall conduct a public advisory process as follows: (1) Prior to submitting its IRP to the commission, the utility shall hold at least three (3) meetings, a majority of which shall be held in the utility's service territory. The topics discussed in	Section 2.1 Appendix A

Rule	Section(s)
the meetings shall include, but not be limited to, the following: (A) An introduction to the IRP and public advisory process. (B) The utility's load forecast. (C) Evaluation of existing resources. (D) Evaluation of supply-side and demand-side resource alternatives, including: (i) associated costs; (ii) quantifiable benefits; and (iii) performance attributes. (E) Modeling methods. (F) Modeling inputs. (G) Treatment of risk and uncertainty. (H) Discussion seeking input on its candidate resource portfolios. (I) The utility's scenarios and sensitivities. (J) Discussion of the utility's preferred resource portfolio and the utility's rationale for its selection. (2) The utility may hold additional meetings. (3) The schedule for meetings shall: (A) be determined by the utility (B) be consistent with its internal IRP development schedule; and (C) provide an opportunity for public participation in a timely manner so that it may affect the outcome of the IRP. (4) The utility or its designee shall: (A) chair the participation process (B) schedule meetings; (C) develop and publish to its website agendas and relevant material for those meetings at least seven (7) calendar days prior to the meeting; and (D) develop and publish to its website minutes within fifteen (15) calendar days following each meeting; (5) Interested parties may request that relevant items be placed on the agenda of the meetings if they provide adequate notice to the utility. (6) The utility shall take reasonable steps to notify: (A) its customers; (B) the commission; (C) interested parties; and (D) the OUCC; of its public advisory process.	
170 IAC 4-7-2.7: Contemporary Issues	

Rule	Section(s)
(a) The commission or its staff may host an annual technical conference to facilitate: (1) identifying contemporary issues; (2) identifying best practices to manage contemporary issues; and (3) instituting a standardized IRP format. (b) The agenda of the technical conference shall be set by the commission staff. (c) Utilities, the OUCC, and interested parties may request commission staff include specific contemporary issues and presenters. (d) The director may designate specific contemporary issues for utilities to address in the next IRPs by providing the utilities and interested parties with the contemporary issues to be addressed.	N/A
(e) Utilities shall address the designated contemporary issues in the next IRP if the contemporary issues were designated by the director at least one (1) year prior to the submittal date of the utility's IRP.	Section 2.2.1
170 IAC 4-7-4: Integrated Resource Plan Contents	
An IRP must include the following:	
(1) At least a twenty (20) year future period for predicted or forecasted analyses.	Used throughout
(2) An analysis of historical and forecasted levels of peak demand and energy usage in compliance with section 5(a) of this rule.	Section 3.3 Section 3.4 Section 3.4 Section 3.5 Section 3.6 Section 3.7 Section 3.9
(3) At least three (3) alternative forecast scenarios of peak demand and energy usage in compliance with section 5(b) of this rule.	Section 8.4
(4) A description of the utility's existing resources in compliance with section 6(a) of this rule.	Section 4.1 Section 4.2 Section 5.1 Section 6 Section 7.3 Confidential Appendix C
(5) A description of the utility's process for selecting possible alternative future resources for meeting future demand for electric service, including a cost-benefit analysis, if performed.	Section 5

Rule	Section(s)
(6) A description of the possible alternative future resources for meeting future demand for electric service in compliance with section 6(b) of this rule.	
(7) The resource screening analysis and resource summary table required in section 7 of this rule.	Section 4.6
(8) A description of the candidate resource portfolios and the process for developing candidate resource portfolios in compliance with subsection 8(a) and 8(b) of this rule.	Section 9.1 Section 9.2 Section 9.3 Confidential Appendix D
(9) A description of the utility's preferred resource portfolio and the information required by section 8(c) of this rule.	Section 9.2 Section 9.3 Section 9.4
(10) A short term action plan for the next three (3) year period to implement the utility's preferred resource portfolio and its workable strategy, pursuant to section 9 of this rule.	Section 1.1 Section 9.5
(11) A discussion of the: (A) inputs; (B) methods; and (C) definitions; used by the utility in the IRP.	Section 2 Section 3.3 Section 3.4 Section 3.5 Section 3.6 Section 4.1 Section 4.2 Section 4.3 Section 4.6 Section 5.1 Section 5.2 Section 5.3 Section 7.3 Section 8.2 Section 8.5 Section 9.2 Section 9.3 Appendix A Confidential Appendix D
(12) Appendices of the data sets and data sources used to establish alternative forecasts in section 5(b) of this rule. If the IRP references a third-party data source, the IRP must include for the relevant data: (A) source title; (B) author; (C) publishing address; (D) date; (E) page number; and (F) an explanation of adjustments made to the data.	Confidential Appendix D

Rule	Section(s)
The data must be submitted within two (2) weeks of submitting the IRP in an editable format, such as comma separated value or excel spreadsheet file.	
(13) A description of the utility's effort to develop and maintain a database of electricity consumption patterns, disaggregated by: (A) customer class; (B) rate class; (C) NAICS code; (D) DSM program; and (E) end-use.	Section 3 See Note 1
(14) The database in subdivision (13) may be developed using, but not limited to, the following methods: (A) Load research developed by the individual utility. (B) Load research developed in conjunction with another utility. (C) Load research developed by another utility and modified to meet the characteristics of that utility. (D) Engineering estimates. (E) Load data developed by a non-utility source.	Section 3
(15) A proposed schedule for industrial, commercial, and residential customer surveys to obtain data on: (A) end-use penetration, (B) end-use saturation rates, and (C) end-use electricity consumption patterns.	See Note 2
(16) A discussion detailing how information from advanced metering infrastructure and smart grid, where available, will be used to enhance usage data and improve load forecasts, DSM programs, and other aspects of planning.	Section 3 Section 10
(17) A discussion of the designated contemporary issues designated, if required by section 2.7(e) of this rule.	Section 2.2
(18) A discussion of distributed generation within the service territory and its potential effects on: (A) generation planning; (B) transmission planning; (C) distribution planning; and (D) load forecasting.	Section 3.5 Section 3.8 Section 10
(19) For models used in the IRP, including optimization and dispatch models, a description of the model's structure and applicability.	Appendix A
(20) A discussion of how the utility's fuel inventory and procurement planning practices, have been taken into account and influenced the IRP development.	Section 2
(21) A discussion of how the utility's emission allowance inventory and procurement practices for an air emission have been considered and influenced the IRP development.	Section 7

Rule	Section(s)
(22) A description of the generation expansion planning criteria. The description must fully explain the basis for the criteria selected.	Section 2.3
(23) A discussion of how compliance costs for existing or reasonably anticipated air, land, or water environmental regulations impacting generation assets have been taken into account and influenced the IRP development.	Section 7.3 Section 7.4 Section 8.2.3
(24) A discussion of how the utilities' resource planning objectives, such as: (A) cost effectiveness, (B) rate impacts, (C) risks; and (D) uncertainty; were balanced in selecting its preferred resource portfolio.	Section 9.2
(25) A description and analysis of the utility's base case scenario, sometimes referred to a business as usual case or reference case. The base case scenario is the most likely future scenario and must meet the following criteria: (A) Be an extension of the status quo, using the best estimate of forecasted electrical requirements, fuel price projections, and an objective analysis of the resources required over the planning horizon to reliably and economically satisfy electrical needs. (B) Include: (i) existing federal environmental laws; (ii) existing state laws, such as renewable energy requirements and energy efficiency laws; and (iii) existing policies, such as tax incentives for renewable resources. (C) Existing laws or policies continuing throughout at least some portion of the planning horizon with a high probability of expiration or repeal must be eliminated or altered when applicable. (D) Not include future resources, laws, or policies unless: (i) a utility subject to section 2.6 solicits stakeholder input regarding the inclusion and describes the input received; (ii) Future resources have obtained the necessary regulatory approvals; (iii) Future laws and policies have a high probability of being enacted. A base case need not align with the utility's preferred resource portfolio.	Section 8.2 Section 9.3
(26) A description and analysis of alternative scenarios to the base case scenario, including comparison of the alternative scenarios to the base case scenario.	Section 8.4 Section 9.3

Rule	Section(s)
(27) A brief description of the models, focusing on the utility's Indiana jurisdictional facilities, of the following components of FERC Form 715: (A) The most current power flow data models, studies, and sensitivity analysis. (B) Dynamic simulation on its transmission system, including interconnections, focused on the determination of the performance and stability of its transmission system on various fault conditions. The description must state whether the simulation meets the standards of the North American Electric Reliability Corporation (NERC). (C) Reliability criteria for transmission planning as well as the assessment practice used. This description must include the following: (i) The limits of the utility's transmission use. (ii) The utility's assessment practices developed through experience and study. (iii) Operating restrictions and limitations particular to the utility.	Confidential Appendix C
(28) A list and description of the methods used by the utility in developing the IRP, including the following: (A) For models used in the IRP, the model's structure and reasoning for its use. (B) The utility's effort to develop and improve the methodology and inputs, including for its: (i) load forecast; (ii) forecasted impact from demand-side programs; (iii) cost estimates; and (iv) analysis of risk and uncertainty.	Section 2.2 Section 3.2 Section 5.2 Section 8.1 Section 9.3 Appendix B
(29) An explanation, with supporting documentation, of the avoided cost calculation for each year in the forecast period, if the avoided cost calculation is used to screen demand-side resources. The avoided cost calculation must reflect timing factors specific to the resource under consideration such as project life and seasonal operation. The avoided cost calculation must include the following: (A) The avoided generating capacity cost adjusted for transmission and distribution losses and the reserve margin requirement. (B) The avoided transmission capacity cost. (C) The avoided distribution capacity cost.	Section 5.2 Appendix B

Rule	Section(s)
(D) The avoided operating cost, including: (i) fuel cost; (ii) plant operation and maintenance costs; (iii) spinning reserve; (iv) emission allowances; (v) environmental compliance costs; and (vi) transmission and distribution operation and maintenance costs.	
(30) A summary of the utility's most recent public advisory process, including the following: (A) Key issues discussed. (B) How the utility responded to the issues (C) A description of how stakeholder input was used in developing the IRP.	Section 2.1 Appendix A
(31) A detailed explanation of the assessment of demand-side and supply-side resources considered to meet future customer electricity service needs.	Section 5 Appendix B
170 IAC 4-7-5: Energy and Demand Forecasts	
(a) The analysis of historical and forecasted levels of peak demand and energy usage must include the following: (1) Historical load shapes, including the following: (A) Annual load shapes. (B) Seasonal load shapes. (C) Monthly load shapes. (D) Selected weekly load shapes. (E) Selected daily load shapes, which shall include summer and winter peak days, and a typical weekday and weekend day.	0 Confidential Appendix D
(2) Disaggregation of historical data and forecasts by: (A) customer class; (B) interruptible load; and (C) end-use; where information permits.	Section 3
(3) Actual and weather normalized energy and demand levels.	Section 3.7
(4) A discussion of methods and processes used to weather normalize.	Section 3.3.1
(5) A minimum twenty (20) year period for peak demand and energy usage forecasts.	Section 3.7
(6) An evaluation of the performance of peak demand and energy usage for the previous ten (10) years, including the following: (A) Total system. (B) Customer classes, rate classes, or both. (C) Firm wholesale power sales.	Section 3.2 Section 3.3
(7) A discussion of how the impact of historical DSM programs is reflected in or otherwise treated in the load forecast.	Section 3.2 Section 3.3
(8) Justification for the selected forecasting methodology.	0

Rule	Section(s)
(9) A discussion of the potential changes under consideration to improve the credibility of the forecasted demand by improving the data quality, tools, and analysis.	Section 2.2
(10) For purposes of subdivisions (1) and (2), a utility may use utility specific data or data such as described in section 4(14) of this rule.	No Response Needed
(b) To establish plausible risk boundaries, the utility shall provide at least three (3) alternative forecasts of peak demand and energy usage including: (1) high; (2) low; and (3) most probable; peak demand and energy use forecasts. (c) In determining the peak demand and energy usage forecast that is deemed by the utility, with stakeholder input, to be most probable, the utility shall consider alternative assumptions such as: (1) Rate of change in population. (2) Economic activity. (3) Fuel prices. (4) Price elasticity. (5) Penetration of new technology. (6) Demographic changes in population. (7) Customer usage. (8) Changes in technology. (9) Behavioral factors affecting customer consumption. (10) State and federal energy policies. (11) State and federal environmental policies.	Section 3.8
(c) Utilities shall include a discussion of the potential changes under consideration to improve the data quality, tools, analysis as part of the on-going efforts to improve the credibility of the load forecasting process.	Section 3.2 Section 2.2.2
170 IAC 4-7-6: Resource Assessment	
(a) In describing its existing electric power resources, the utility must include in its IRP the following information relevant to the twenty (20) year planning period being evaluated: (1) The net and gross dependable generating capacity of the system and each generating unit.	Section 4.1
(2) The expected changes to existing generating capacity, including the following: (A) Retirements. (B) Deratings. (C) Plant life extensions. (D) Repowering. (E) Refurbishment.	Section 4.1

Rule	Section(s)
(3) A fuel price forecast by generating unit.	Section 8.2 Confidential Appendix D
(4) The significant environmental effects, including: (A) air emissions; (B) solid waste disposal; (C) hazardous waste; and (D) subsequent disposal; and (E) water consumption and discharge; at each existing fossil fueled generating unit.	Section 4.1
(5) An analysis of the existing utility transmission system that includes the following: (A) An evaluation of the adequacy to support load growth and expected power transfers. (B) An evaluation of the supply-side resource potential of actions to reduce: (i) transmission losses, (ii) congestion; and (iii) energy costs. (C) An evaluation of the potential impact of demand-side resources on the transmission network.	Section 5.2 Section 6.1
(6) A discussion of demand-side resources and their estimated impact on the utility's historical and forecasted peak demand and energy. The information listed above in subdivisions (1) through (4) and in subdivision (6) shall be provided for each year of the future planning period.	Section 3.2 Section 5 Appendix B
(b) In describing possible alternative methods of meeting future demand for electric service, a utility must analyze the following resources as alternatives in meeting future electric service requirements: (1) Rate design as a resource in meeting future electric service requirements.	Section 3.1 Section 3.5.3 Section 3.8 Section 5.2
(2) Demand-side resources. For potential demand-side resources, the utility shall include the following: (A) A description of the potential demand-side resource, including its costs, characteristics, and parameters. (B) The method by which the costs, characteristics, and other parameters of the demand-side resource are determined. (C) The customer class or end-use, or both, affected by the demand-side resource. (D) Estimated annual and lifetime energy (kWh) and demand (kW) savings.	Section 5 Appendix B See Note 3

Rule	Section(s)
(E) The estimated impact of a demand-side resource on the utility's load, generating capacity, and transmission and distribution requirements. (F) Whether the program provides an opportunity for all ratepayers to participate, including low-income residential ratepayers.	
(3) Supply-side resources. For potential supply-side resources, the utility shall include the following: (A) Identification and description of the supply-side resource considered, including the following: (i) Size in megawatts. (ii) Utilized technology and fuel type. (iii) Additional transmission facilities necessitated by the resource. (B) A discussion of the utility's effort to coordinate planning, construction, and operation of the supply-side resource with other utilities to reduce cost. (C) A description of significant environmental effects, including the following: (i) air emissions. (ii) solid waste disposal. (iii) hazardous waste and subsequent disposal. (iv) water consumption and discharge.	Section 4.1 Section 4.3 Section 4.5 Section 4.6
(4) Transmission facilities as resources. In analyzing transmission resources, the utility shall include the following: (A) The type of transmission resource, including whether the resource consists of one (1) of the following: (i) new projects. (ii) upgrades to transmission facilities. (iii) efficiency improvements. (iv) smart grid technology. (B) A description of the timing, types of expansion, and alternative options considered.	Section 6.1 Section 6.2
(C) The approximate cost of expected expansion and alteration of the transmission network.	Section 6.1.6
(D) A description of how the IRP accounts for the value of new or upgraded transmission facilities increasing power transfer capability, thereby increasing the utilization of geographically constrained cost effective resources.	Section 6.1
(D) A description of how: (i) IRP data and information affect the planning and implementation processes of the RTO of which the utility is a member; and	Section 6.1

Rule	Section(s)
(ii) RTO planning and implementation processes affect the IRP.	
170 IAC 4-7-7: Selection of Resources	
(a) In order to eliminate nonviable alternatives, a utility shall perform an initial screening of all future resource alternatives listed in section 6(b) of this rule. The utility's screening process and the decision to reject or accept a resource alternative for further analysis must be fully explained and supported in the IRP. The screening analysis must be additionally summarized in a resource summary table.	Section 4.6 Section 5.2 Section 5.3 Appendix B
170 IAC 4-7-8: Resource Portfolios	
(a) The utility shall develop candidate resource portfolios from existing and future resources in sections 6 and 7 of this rule. The utility shall provide a description of its process for developing its candidate resource portfolios, including a description of its optimization modeling, if used. In selecting the candidate resource portfolios, the utility shall at a minimum consider: (1) risk; (2) uncertainty; (3) regional resources; (4) environmental regulations; (5) projections for fuel costs; (6) load growth uncertainty; (7) economic factors; and (8) technological change.	Section 9.1
(b) With regard to candidate resource portfolios, the IRP must include: (1) An analysis of how candidate resource portfolios performed across a wide range of potential future scenarios, including the alternative scenarios required under section 4(26) of this rule. (2) The results of testing and rank ordering the candidate resource portfolios by key resource planning objectives, including cost effectiveness and risk metrics. (3) The present value of revenue requirement for each candidate resource portfolio in dollars per kilowatt-hour delivered, with the interest rate specified.	Section 9.2 Section 9.3 Confidential Appendix D
(c) Considering the analyses of the candidate resource portfolios, a utility shall select a preferred resource portfolio and include in the IRP the following: (1) A description of the utility's preferred resource portfolio.	Section 9.4
(2) Identification of the standards of reliability.	Section 9.2 Section 9.3.3.1

Rule	Section(s)
(3) A description of the assumptions expected to have the greatest effect on the preferred resource portfolio.	Section 9.3
(4) An analysis showing that supply-side resources and demand-side resources have been evaluated on a consistent and comparable basis, including consideration of: (A) safety; (B) reliability (C) risk and uncertainty; (D) cost effectiveness; and (E) customer rate impacts.	Section 9.2 Section 9.3
(5) An analysis showing the preferred resource portfolio utilizes, supply-side resources and demand-side resources that safely, reliably, efficiently, and cost-effectively meets the electric system demand taking cost, risk, and uncertainty into consideration.	Section 9.3
(6) An evaluation of the utility's DSM programs designed to defer or eliminate investment in a transmission or distribution facility, including their impacts on the utility's transmission and distribution system.	Appendix B
(7) A discussion of the financial impact on the utility of acquiring future resources identified in the utility's preferred resource portfolio including, where appropriate, the following: (A) Operating and capital costs of the preferred resource portfolio. (B) The average cost per kilowatt-hour of the future resources, which must be consistent with the electricity price assumption used to forecast the utility's expected load by customer class in section 5 of this rule. (C) An estimate of the utility's avoided cost for each year of the preferred resource portfolio. (D) The utility's ability to finance the preferred resource portfolio.	Section 9.3 Section 9.4 Confidential Appendix D
(8) A description of how the preferred resource portfolio balances cost effectiveness, reliability, and portfolio risk and uncertainty, including the following: (A) Quantification, where possible, of assumed risks and uncertainties, including, but not limited to: (i) environmental and other regulatory compliance; (ii) reasonably anticipated future regulations; (iii) public policy; (iv) fuel prices; (v) operating costs; (vi) construction costs;	Section 9.4

Rule	Section(s)
(vii) resource performance; (viii) load requirements; (ix) wholesale electricity and transmission prices; (x) RTO requirements; and (xi) technological progress. (B) An assessment of how robustness of risk considerations factored into the selection of the preferred resource portfolio.	
(9) A workable strategy to quickly and appropriately adapt its preferred resource portfolio to unexpected circumstances, including changes in the following: (A) Demand for electric service. (B) Cost of new supply-side resources or demand-side resources. (C) Regulatory compliance requirements and costs. (D) Wholesale market conditions. (E) Fuel costs. (F) Environmental compliance costs. (G) Technology and associated costs and penetration. (H) Other factors which would cause the forecasted relationship between supply and demand for electric service to be in error.	Executive Summary Section 9.4
170 IAC 4-7-9: Short Term Action Plan	
(a) A utility shall prepare a short term action plan as part of its IRP and shall cover a three (3) year period beginning with the first year of the IRP submitted pursuant to this rule. (b) The short term action plan shall summarize the utility's preferred resource portfolio and its workable strategy, as described in section 8(c)(10) of this rule, where the utility must take action or incur expenses during the three (3) year period. (c) The short term action plan must include, but is not limited to, the following: (1) A description of resources in the preferred resource portfolio included in the short term action plan. The description may include references to other sections of the IRP to avoid duplicate descriptions. The description must include, but is not limited to, the following: (A) The objective of the preferred resource portfolio. (B) The criteria for measuring progress toward the objective. (2) Identification of goals for implementation of DSM programs that can be developed in accordance with IC 8-1-8.5-10 and	Section 1.1 Section 9.4 Section 9.5 Confidential Appendix D

Rule	Section(s)
170 IAC 4-8-1 et seq. and consistent with the utility's longer resource planning objectives. (3) The implementation schedule for the preferred resource portfolio. (4) A budget with an estimated range for the cost to be incurred for each resource or program and expected system impacts. (5) A description and explanation of differences between what was stated in the utility's last filed short term action plan and what actually occurred.	
Note 1: NIPSCO does not currently maintain and has no plans in the future to develop a database of electricity consumption patterns by DSM program. The savings associated with DSM programs are gauged and claimed based on various TRMs, including the Indiana TRM, and the DSM programs are evaluated by program year by a third party EM&V administrator. NIPSCO will continue to consider its options. NIPSCO does not currently maintain and has no plans in the future to develop a database of electricity consumptions patterns by end use.	
Note 2: As part of its DSM functions, DSM programs are evaluated by program year by a third party EM&V administrator. As part of the EM&V process, the administrator surveys a sample of customers who have and have not participated in NIPSCO's DSM program. NIPSCO conducted an MPS (see Appendix B) that includes primary data. In addition, NIPSCO has previously completed lighting and market effect studies. NIPSCO used customer surveys to obtain data on end-use appliance penetration, end-use saturation rates, and end-use electricity consumption patterns as part of its updated MPS.	
Note 3: Customer bill impacts are calculated directly utilizing the customer rate and the savings of each measure/participant. Appropriate escalators and discount rates are used to determine the NPV of these savings and then Aggregated across all measures/participants. Incentives are also included in the cost benefit analysis as an input on a per participant/measure basis. Appropriate escalators and discount rates are applied and the NPV calculated.	