



state committee for the MISO region.<sup>5</sup> OMS coordinates regulatory oversight among its members, makes recommendations to MISO, MISO's Board of Directors, the Commission, and other relevant government entities, and intervenes in proceedings before the Federal Energy Regulatory Commission ("FERC") and other administrative and judicial bodies to express the positions of OMS members.

OMS has a direct and substantial interest in this proceeding as the Schahfer Order affects resource adequacy within the MISO footprint, state-jurisdictional planning and cost oversight (both cost allocation and cost recovery impacts), wholesale energy markets, grid operations, and system reliability across the MISO footprint. The Schahfer Order's implications for rate recovery, system planning, and federal-state coordination over resource decisions directly affect the jurisdiction and responsibilities of OMS member commissions. As such, OMS respectfully requests that the DOE grant its Motion to Intervene and be recognized as a party in this proceeding.

## **II. BACKGROUND**

Schahfer is an electric generating facility located in Jasper County, near Wheatfield Indiana. Schahfer is owned and operated by NIPSCO and consists of two gas-fired simple cycle peaking units and two coal-fired generation units, Unit 17 (361 MW) and Unit 18 (361 MW). Units 17 and 18 are the subject of the Schahfer Order and have a combined nameplate capacity of approximately 722 MW. Unit 17 and Unit 18 began commercial operations in the mid-1980s. Both units have been subject to long-term retirement planning and were scheduled for retirement in December 2025 consistent with NIPSCO's state-approved integrated resource plans.<sup>6</sup>

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<sup>5</sup> The Indiana Utility Regulatory Commission ("Indiana Commission") is a member of OMS and regulates NIPSCO's retail rates and resource decisions.

<sup>6</sup> See NIPSCO 2024 Integrated Resource Plan, pp. 103-104 (last accessed January 22, 2025), available at: <https://www.in.gov/iurc/files/NIPSCO-2024-Integrated-Resource-Plan-Document.pdf>.

### III. REQUEST FOR REHEARING

OMS moves for rehearing of the Schahfer Order on the following grounds:

#### A. **The Schahfer Order Lacks a Demonstrated Justification for an Emergency Situation**

The Schahfer Order rests on a claim of “emergency conditions” that are not supported by regional data, MISO assessments, or state-approved resource plans. The Schahfer Order fails to establish, based on a dependable and comprehensive reliability assessment, that an emergency condition exists in the MISO footprint warranting the continued operation of Schahfer Units 17 and 18. The Schahfer Order invokes the North American Electric Reliability Corporation’s (“NERC”) 2024 Long Term Reliability Assessment (“LTRA”), the MISO Planning Resource Auction, MISO’s Attributes Roadmap, the OMS-MISO Survey, among other items, as evidence for the existence of an Emergency Situation and the need for the continued operation of the Schahfer Units 17 and 18. However, the OMS-MISO Resource Adequacy Survey, MISO’s 2025/2026 Planning Resource Auction, MISO’s on-going readiness assessments, and NIPSCO’s plans all do not indicate a regional reliability emergency, shortfall, or an unmet reliability criterion that justifies reversal of the planned resource retirement of Schahfer Units 17 and 18.<sup>7</sup>

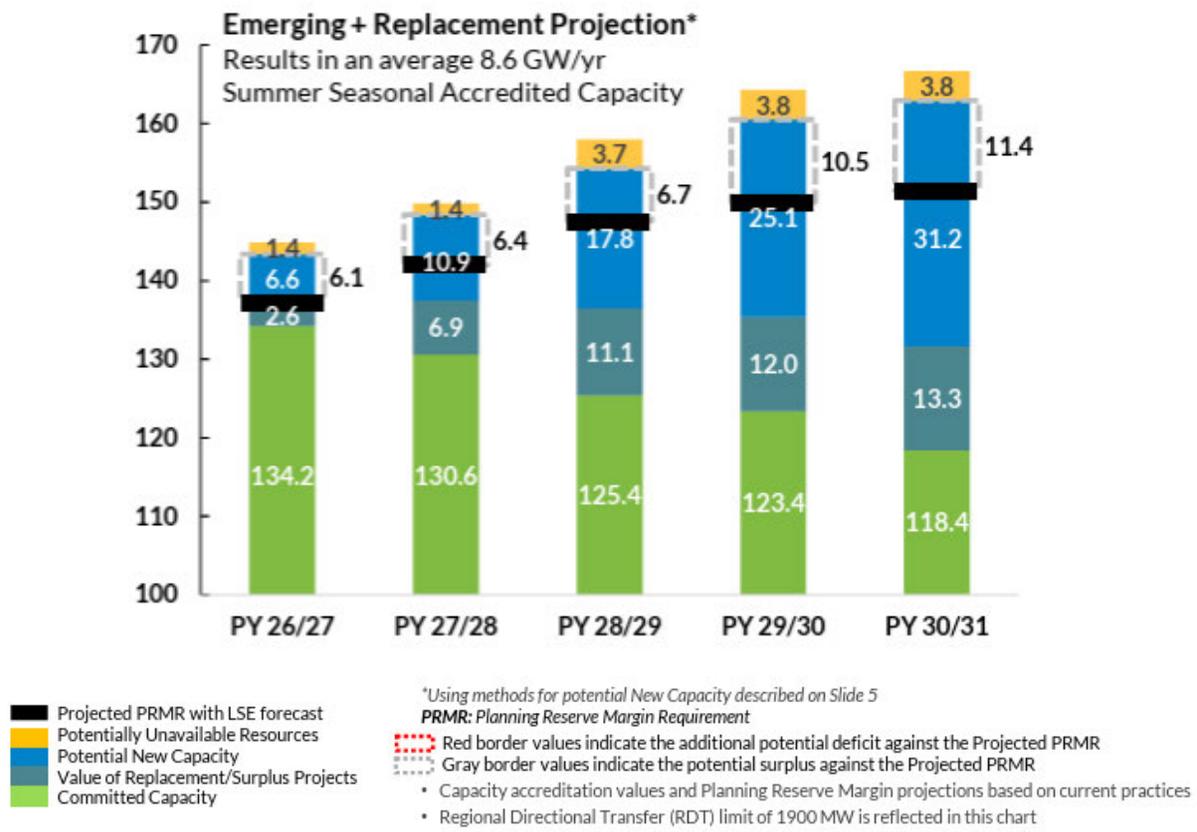
The OMS-MISO Survey in Table 1 below depicts MISO’s member-planned resource addition outlook. This view shows how MISO members expect to meet their future capacity needs through 2031, and not just sufficiently – or ‘getting by’ – but with 11.4 GW of excess capacity and another 3.8 GW of potential resources; a total of a potential 15.2 GW *excess* beyond seasonal reliability targets. The numbers used by DOE and others only show how the capacity surplus the

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<sup>7</sup> On December 9, 2024, NIPSCO submitted its 2024 IRP to the Indiana Commission, which continued NIPSCO’s commitment to the retirement and shut down of Schahfer Units 17 and 18 by the end of 2025. The 2024 IRP also detailed NIPSCO’s plan to replace the retired capacity at Schahfer with 14 approved renewable energy projects – several of which are already in service. *See* NIPSCO 2024 IRP, available at: <https://www.in.gov/iurc/files/NIPSCO-2024-Integrated-Resource-Plan-Document.pdf>.

MISO region has utilized for decades to keep power prices low may be tightening – but *only* if you look at how many resources were built historically (over a time period with *less* new demand for new generation resources and retirement replacements) – in lieu of looking forward at what is upcoming and planned for by our utilities with an obligation to serve load reliability. And even if the capacity net decrease were true, it is a logically flawed view to consider a decrease (no matter how small) in *excess* capacity as an energy reliability emergency.

**Table 1: 2025 OMS-MISO Survey: Member Planned Additions, Resource Adequacy Outlook<sup>8</sup>**



DOE previously relied on similar reasoning in the Campbell proceeding, and those errors are repeated and amplified here.<sup>9</sup> Since the Campbell Order, these on-going reports in addition to

<sup>8</sup> 2025 OMS-MISO Survey, Released June 6, 2025 – Slide 7;  
<https://cdn.misoenergy.org/20250606OMSMISOSurveyResultsWorkshopPresentation702311.pdf>

<sup>9</sup> U.S. Department of Energy, Order No. 202-25-3 (May 23, 2025).

state and member initiatives have continued to indicate sufficiency (as grid operations have also shown) and these assessments and reports do *not* include the Campbell plant, which contributes to the excess capacity and energy.

As was with Campbell, the current record misapplies NERC assessments in light of regional energy and capacity outlooks, disregards state regulatory approvals of retirements and replacement resources, overlooks MISO's own reliability tools, and conflates energy-risk metrics with capacity-based planning frameworks. MISO conducted and approved the retirement of Schahfer Units 17 and 18 through its normal reliability study process. No near-term reliability need was identified. The relevant state commissions reviewed NIPSCO's resource plans providing replacement capacity and transition timing consistent with the retirement date and found no concerns.

The Culley, Schahfer, and Campbell Orders together show a recurring pattern: DOE invokes emergency authority without demonstrating an energy emergency, misstates the basis for (non-energy) capacity need, and bypasses state jurisdiction over integrated resource planning ("IRP"), siting, and replacement-resource approval processes and therefore, creates a downstream, cost-causation framework that does not align with beneficiaries.

**i. Violations of Law**

- Federal Power Act § 202(c), 16 U.S.C. 824a(c) requiring that an emergency exists due to a sudden increase in demand, shortage of electricity, or other causes threatening adequacy of service.
- Arbitrary and Capricious Action under the Administrative Procedures Act (5 U.S.C. § 706) due to the reliance on the unverified and inconsistent NERC data, using it for a purpose unintended or applicable, failure to consider more accurate and recent regional data, no

mechanisms to revisit the decision based on events or actions within the 90-day period, and no consideration of the Campbell units in this order or assessments used for the emergency declaration.

**B. The Schahfer Order Violates the Federal Power Act and Does Not Respect State Jurisdiction**

The Schahfer Order did not adequately consult with or incorporate the findings of MISO, NIPSCO, the Indiana Commission, or other state regulatory bodies, who have primary jurisdiction over integrated resource planning, siting, and cost recovery for utilities operating in their states. Similarly, the Schahfer Order failed to consider MISO assessments in which Indiana, MISO, and other MISO-states use to coordinate and inform seasonal risks and operational concerns and reliability impacts. The Schahfer Order fails to disclose that MISO approved the retirement of Schahfer Units 17 and 18 through its formal study process; that NIPSCO's IRP planned for the retirement of these units; that projected multi-year deficits are planning-stage uncertainties rather than operational emergencies; and that ERAS timelines and supply-chain constraints are long-term planning concerns, not short-term reliability threats.

The Schahfer Order also imposes economic-dispatch-like obligations beyond DOE's statutory authority, creates cost-allocation inconsistencies similar to those in Campbell - where capacity costs approached \$80 million and were socialized across Zones 1-7 - and injects regulatory uncertainty that undermines cooperative federalism by bypassing state-approved resource plans, MISO's validated resource adequacy processes, and state jurisdiction over siting, retirement, and replacement resources.

This failure undermines the federal-state regulatory balance, is a violation of the Federal Power Act, the cooperative federalism principles, and long-standing practices including the FERC Policy on State-Federal Collaboration.

**i. Violations of Law**

- Federal Power Act § 201(b), 16 U.S.C. § 824 reserves the authority over generation, siting, resource adequacy, and retail rates to the states; the Schahfer Order bypasses states-planning and decision-making authority and ratemaking.
- Cooperative Federalism Doctrine: DOE unilaterally intrudes into state authority without required consultation or respect for jurisdictional boundaries.

**C. DOE’s Insufficient Showing of Need Renders any Resulting Cost Allocation and Recovery Framework Unjust**

The Schahfer Order explicitly recognizes FERC is responsible for cost recovery, while directly creating costs by requiring the continued operation of a costly and potentially uneconomic generating unit. This creates legal, jurisdictional, and equity concerns by assigning costs to those not causing the costs or receiving the benefits. Last, and new in the Culley and Schahfer Orders, DOE’s approach here contradicts its own statements in its letter that initiated FERC’s Large Load Advanced Notice of Proposed Rulemaking (“ANOPR”). In the letter, DOE identified data-center-driven load growth as a core driver of capacity concerns, yet DOE’s emergency actions assign no cost responsibility to the load growth causing the supposed reliability need. This internal inconsistency is arbitrary and capricious under the Administrative Procedures Act.

The Schahfer Order compounds the cost impacts of prior Section 202(c) orders by requiring continued operation of aging (and *still on forced outage and unusable*), high-cost units without any cap, transparency, or defined endpoint rejecting and dismissing all considerations of ‘need’ of the generating resource that are historically made at the state level during the routine and standard review processes of IRPs including: evaluation of size of unit compared to need, type of fuel source and costs, timing to align with system need, and cost of unit compared to alternatives to ensure ratepayer protection and value. Finally, these costs will ultimately be recovered through state cost-

recovery mechanisms, such as fuel clauses, that are subject to limited state prudence review and due to the need established here, and FERC’s decisions in Campbell, will be distributed across a broad base of ratepayers (MISO Zones 1-7) rendering the cumulative and ongoing nature of the costs less visible.

**i. Violations of Law**

- Federal Power Act Sections 205, 206 require rates must be just and reasonable and not unduly discriminatory or preferential; as the need for the facility does not exist, no cost allocation mechanism meeting these standards is possible.
- Arbitrary and Capricious Action under the Administrative Procedures Act (5 U.S.C. § 706)
- Cost Causation and Beneficiary Pays Principles upheld by courts

**D. Use of Section 202(c) Here Is Unduly Broad and Further Conflates Resource Adequacy and Operational Reliability**

The Schahfer Order relies on an overly broad and speculative interpretation of what constitutes an “emergency” under Section 202(c), invoking federal authority absent any immediate or demonstrated reliability shortfall, and here, begins to reframe the ability to declare an emergency through non-immediate events that are likely to continue in subsequent years. Both the Culley and Schahfer Orders venture much further into the clearly-state jurisdictional planning time horizon, allowing sufficient time to identify, manage, and mitigate any new ‘longer-term’ capacity risks. This expansive use of emergency powers sets a troubling precedent, enabling intervention in routine, state-approved planning decisions without an actual crisis; and risks establishing its use to circumvent normal utility, RTO, and states processes, and exposes ratepayers to costs that should not be borne. Such preemptive action risks undermining the credibility of future emergency orders, distorting market signals, and eroding the statutory balance between federal and state authority.

**i. Violations of Law**

- Federal Power Act Section 202 is intended for temporary emergency orders, in response to immediate reliability threats – severe storms such as hurricanes, extreme heat or cold, or other short-term, short-duration events. Here, the Schahfer Order extends to a non-emergency for the full term authorized by the section, without substantiation for the need for the facility nor measures that could self-terminate the Schahfer Order, as is typically the case.
- Violation of the Administrative Procedures Act (5 U.S.C. § 706) in misusing a statutory authority beyond its intended scope and in doing so, encroaching on established state jurisdiction as provided for in the Federal Power Act.

For these reasons, DOE’s findings are arbitrary and capricious, exceed statutory authority, and cannot lawfully support continued operation of Schahfer Units 17 and 18.

**IV. REQUEST FOR STAY**

OMS respectfully requests that the Schahfer Order be stayed unless or until a demonstrable reliability need is established through an objective, transparent, and evidence-based process.

**V. CONCLUSION**

For the reasons set forth above, OMS respectfully requests that DOE grant this Motion to Intervene, Request for Rehearing, and Request of Stay of the Schahfer Order. OMS submits this filing because a majority of OMS members that participated in the vote on this filing supported this Motion to Intervene, Request for Rehearing, and Request for Stay. This should not be construed to mean that all OMS members agree with all comments above. Each OMS member reserves the right to file separate comments. In recognition of such, the following members voted in support of this filing:

Illinois Commerce Commission

Iowa Utilities Commission

Michigan Public Service Commission

Minnesota Public Utilities Commission

Montana Public Service Commission

New Orleans City Council

Public Service Commission of Wisconsin

The Arkansas Public Service Commission, the Indiana Utility Regulatory Commission, the Kentucky Public Service Commission, the Louisiana Public Service Commission, the Mississippi Public Service Commission, the Missouri Public Service Commission, the North Dakota Public Service Commission, the South Dakota Public Utilities Commission, and the Public Utility Commission of Texas abstained from the vote on this filing. The Manitoba Public Utilities Board and the did not participate in the vote on this filing.

The Manitoba Public Utilities Board and the did not participate in the vote on this filing.

Respectfully submitted,

/s/ Brad J. Pope

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