Vincent Parisi
President and CEO
Indianapolis Power & Light Company
1 Monument Circle
Indianapolis, IN 46204

RE: Recommendations for Indianapolis Power & Light's 2019 Integrated Resource Plan

Dear Mr. Parisi,

Indianapolis Power & Light's (IPL) upcoming 2019 Integrated Resource Plan (IRP) is essential to ensuring an equitable energy system for all, meeting the City of Indianapolis' municipal and community-wide renewable energy targets, as established in Thrive Indianapolis, and shaping a reliable, affordable, and resilient energy system.

Thrive Indianapolis was adopted on February 21, 2019 by the City of Indianapolis and the Metropolitan Development Commission, as an element of the Comprehensive Plan for Indianapolis and Marion County. This plan reinforces equity as a City priority and establishes ambitious renewable energy targets for both municipal operations (100 percent by 2028) and for community-wide electricity supply (100 percent by 2050). IPL was an essential partner for the Thrive Indianapolis planning process and will continue to be in the successful implementation of this plan.

The 2019 IRP is a pivotal moment for IPL and the City, as one of IPL's largest customers, to further align and work together to address the goals and priorities of both parties.

In support of Thrive Indianapolis, the City of Indianapolis offers the following recommendations:

- ***Equity*: The City of Indianapolis encourages IPL to expand access to energy programs that benefit low-income customers.**

  The City recognizes that equitable and well-designed energy programs will be required to advance Indianapolis. With over 7 percent of Indianapolis households facing energy costs that exceed 10 percent of their income (2.3 times greater than the national average), this is a top priority for our community.

  Looking ahead, the City suggests that IPL considers a range of initiatives and financing strategies, as a compliment to IPL's Weatherization Assistance program and rebate offers, to further

support the City's equity goals and meet the needs of low-income customers. These may include programs that promote electrification of buildings (for heating and cooking), on-bill financing of energy efficiency and electrification retrofits, and/ or an opt-out "round-it-up" policy where electric bills are rounded up to the nearest dollar with proceeds going towards energy efficiency and electrification efforts in low-income communities. The City looks forward to partnering with IPL to strategically shape these potential programs.

- ***Energy Performance and Data Transparency*: The City of Indianapolis requests that IPL make energy performance data available to the public.**

  For energy efficiency measures to be successful, performance data is essential to increasing awareness on local emissions, identifying retrofit opportunities, and enabling the development of cost competitive service providers. These data will help inform City and IPL decision-makers identify programmatic gaps and where to efficiently direct available funding. As the City works with stakeholders in 2020 to develop and implement energy efficiency measures as outlined in Thrive Indianapolis, IPL could offer a proven benchmarking tool like Georgia Power's Automated Energy Benchmarking Tool (ABT) or another recognized energy benchmarking program, starting with disclosure of the energy performance of multifamily and commercial buildings.

- ***Renewable Energy:* The City of Indianapolis seeks a resource mix with renewable energy generation capacity that aligns with the goals of the City and community.**

  While the City appreciates the renewable percentages in Portfolios 3, 4, and 5 as it relates to our 2025 goal, these scenarios will likely fail to meet the City's targets beyond 2025 – with renewables comprising only 29 percent of the generation mix by 2039. The City supports the resource mix in Portfolio 5, with renewables comprising 55 percent of the generation mix by 2039, which better positions IPL and the City to achieve 100 percent renewable energy and carbon neutrality by 2050.

  That said, for Indianapolis to achieve its 2050 targets, the City expects IPL will go beyond the current Portfolio 5 proposal. The City requests that IPL accelerate its overall renewable energy deployment goals to be better aligned with those of the City in the 2022 IRP. The City understands that IPL is concerned with the risk, cost, and complexity of managing higher levels of renewable energy integration, and we speak to this concern below.

- ***Reliability and Affordability:* The City of Indianapolis encourages IPL to consider a wider range of supply- and demand-side resources to deliver a reliable and affordable supply of electricity.**

  When considering IPL's future grid mix and replacements to existing coal capacity, rather than presuming new gas generation is needed by default, the City urges IPL to evaluate a full suite of demand- and supply-side resources, including energy efficiency, demand response, and energy storage in addition to renewable energy. The challenges of managing higher renewable energy integration are highlighted in the MISO study that IPL references in its presentation on September 30, 2019. It is, however, worth noting that the referenced study does not consider several resource types that could play an important role in balancing a high renewable energy

grid mix, including energy storage and demand-side management, both of which IPL already identifies as part of its future resource mix.

Multiple recent studies and real-world examples suggest a flexible portfolio could balance a high renewable energy grid mix with the City's and IPL's reliability and affordability needs:

- In its Renewable Electricity Futures Study, the National Renewable Energy Laboratory (NREL) found that "electricity generation from technologies that are commercially available today, in combination with a more flexible electric system, is more than adequate to supply 80 percent of total U.S. electricity generation in 2050... in every region of the country."
- Additional NREL research identified that a 35 percent penetration, in 2017, of solar and wind energy – well above IPL's current grid mix – yields more flexibility and reductions of up to 40 percent in fuel costs and 14 percent in operating costs, with minor operational changes.
- An October 2019 report from the Rocky Mountain Institute found that new "clean energy portfolios" have not only declined in cost by 80 percent since 2010, but are "now lower-cost on a levelized basis than new gas plants" and projected to "undercut operating costs of existing gas plants" within 10-20 years.

For a regional example, NIPSCO's recent all-source solicitation might serve as a useful model. As you are aware, NIPSCO found that a portfolio of wind, solar, storage, and demand-side management, along with a small amount of electricity bought from MISO, would be the most cost-effective path to replacing its coal capacity – a path expected to save its customers $4 billion over 30 years.

NIPSCO is not an isolated case, as utilities in Arizona, Michigan, Minnesota, and Oregon, are planning on replacing their retiring coal fleets not with gas, but with portfolios of renewable energy, storage, energy efficiency, and demand flexibility to modernize infrastructure and improve grid resiliency. This also reduces the risk of potentially stranded natural gas generation assets beyond 2050.

Thank you for your time and thoughtful consideration. The City of Indianapolis looks forward to working with IPL in delivering reliable, affordable, and clean electricity to shape a more equitable, sustainable, and resilient Indianapolis. We welcome additional discussion in advance of the IRP filing on December 16, 2019.

Sincerely,

Joseph H. Hogsett
Mayor

Katie L. Robinson
Director, Office of Sustainability

THE CITY OF INDIANAPOLIS