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**VERIFIED SUPPLEMENTAL DIRECT TESTIMONY OF KARL E. STANLEY**

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1 **Q1. Please state your name, business address, and title.**

2 A1. My name is Karl E. Stanley. I am the Vice President of Supply &  
3 Optimization for Northern Indiana Public Service Company LLC  
4 ("NIPSCO"). My business address is 801 E. 86th Avenue, Merrillville,  
5 Indiana 46410.

6 **Q2. Are you the same Karl E. Stanley who adopted the prefiled direct**  
7 **testimony of Andrew S. Campbell?<sup>1</sup>**

8 A2. Yes.

9 **Q3. What is the purpose of your supplemental direct testimony?**

10 A3. The purpose of my supplemental direct testimony is to provide additional  
11 information relating to NIPSCO's shift in its proposed in-service date of its  
12 proposed natural gas combustion turbine ("CT") peaker plant (the "CT  
13 Project") on available property at the R.M. Schahfer Generation Station site

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<sup>1</sup> On January 16, 2024, Mr. Stanley adopted the prefiled direct testimony of Andrew S. Campbell filed September 12, 2023 in this Cause.

1 ("Schahfer site") from end of year 2026 to end of year 2027. Specifically, I  
2 discuss: (1) MISO's change to the Winter seasonal Planning Reserve Margin  
3 Requirement ("PRMR") and the effective load carrying capability ("ELCC")  
4 of intermittent resources to assign capacity accreditation value to wind and  
5 solar projects, both of which occurred after NIPSCO filed its case-in-chief  
6 in this Cause and together, reduced NIPSCO's capacity exposure for Winter  
7 2026; (2) NIPSCO's proactive capacity plan for MISO planning years 2026–  
8 2027; and (3) how a 2027 in-service date will still allow for interconnection  
9 of the CT Project to the MISO market through the replacement generation  
10 interconnection process.

11 **Q4. Are you sponsoring any attachments to your supplemental direct**  
12 **testimony?**

13 A4. Yes. I am sponsoring Confidential Attachment 6-S-B, which is NIPSCO's  
14 2024–2030 resource adequacy forecast showing the CT Project in-service by  
15 winter 2027.

16 **MISO PRMR and Capacity Needs**

17 **Q5. Please describe MISO's PRMR.**

1 A5. As described in my direct testimony, as a Load Serving Entity in MISO,  
2 NIPSCO is obligated to have sufficient Capacity Resources to cover its  
3 forecasted peak demand plus its PRMR. Capacity Resources consist of  
4 Generation Resources (electric generating units) and Demand Response  
5 Resources (loads that can be dispatched to reduce demand). MISO  
6 calculates the PRMR based on its forecast of its peak demand by resource  
7 zone considering (a) planned maintenance or forced outages of generating  
8 equipment, (b) deratings in the capability of Generation Resources and  
9 Demand Response Resources, (c) system effects due to reasonably  
10 anticipated variations in weather, and (d) variations in customer demands  
11 or forecast demand uncertainty. In my direct testimony, I explained that  
12 pursuant to the FERC Order dated August 31, 2022 in Docket Nos. ER22-  
13 495-000 and ER22-495-001, effective June 1, 2023, MISO transitioned to a  
14 seasonal resource adequacy construct, which defines four distinct seasons  
15 as follows: June to August for Summer, September to November for Fall,  
16 December to February for Winter, and March to May for Spring. Each year,  
17 MISO conducts Loss of Load Expectation studies to make an annual  
18 determination of what the PRMR needs to be to attain compliance with

1 NERC reliability standards. ELCC estimates for wind and solar resources  
2 are also updated.

3 **Q6. Please provide a general overview of changes from MISO that occurred**  
4 **after NIPSCO made its case-in-chief filing in this Cause.**

5 A6. At the time of NIPSCO's filing of its case-in-chief, assumptions for winter  
6 capacity accreditation for solar and wind were 6.6% and 25%, respectively.  
7 In October 2023, MISO announced notable increases in winter accreditation  
8 for both solar and wind to 12.8% and 53.1%, respectively.<sup>2</sup> The increases in  
9 winter accreditation changed NIPSCO's capacity position in the Winter  
10 2026 season from [REDACTED].

11 On November 1, 2023, MISO reduced the winter season capacity PRMR  
12 from 33.9% to 27.4%, which further changed NIPSCO's capacity position in  
13 the Winter 2026 season from [REDACTED].<sup>3</sup>

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<sup>2</sup> See summary report from MISO's Loss of Load Expectation Working Group dated October 17, 2023: <https://cdn.misoenergy.org/20231017%20LOLEWG%20Item%20003%20PY%202024-25%20LOLE%20Study%20Results630538.pdf>, p. 12.

<sup>3</sup> See Planning Year 2024-2025 Loss of Load Expectation Study Report summary report from MISO's Loss of Load Expectation Working Group from December 5, 2023: <https://cdn.misoenergy.org/LOLE%20Study%20Report%20PY%202024-2025631112.pdf>

1           At the time of this supplemental filing, and following MISO's release of the  
2           preliminary Seasonal Accreditation Capacity (SAC) values on or about  
3           December 15, 2023, NIPSCO's forecasted capacity position for the Winter  
4           2026 planning season (December 2026 – February 2027) further increased  
5           from [REDACTED].

6           In summary, at the time of NIPSCO's filing of its case-in-chief, NIPSCO's  
7           capacity position in the Winter 2026 season was [REDACTED] and now, at  
8           the time of NIPSCO's supplemental filing, is [REDACTED].

9           **Q7. How do these changes from MISO impact the CT Project?**

10          A7. As stated above, NIPSCO is now long capacity in the Winter 2026 season,  
11          which eases some of the urgency for targeting the CT Project to be in-service  
12          by end of year 2026. Given the supply chain challenges described by  
13          Witnesses Walter and Baacke, it was determined that shifting the  
14          construction schedule out was appropriate and in the best interest of the  
15          project and ultimately NIPSCO's customers.

16          **Q8. How does NIPSCO intend to adjust its capacity plan as a result of shifting**  
17          **the in-service date of the CT Project to end of year 2027?**

1 A8. As shown in Confidential Attachment 6-S-B, NIPSCO's current capacity  
2 forecast shows a [REDACTED] in the Spring, Summer, and Fall of 2027.

3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED].

10 **Q9. How does NIPSCO's capacity position relate to its hedging plans?**

11 A9. NIPSCO's existing hedge plans address energy, as opposed to capacity.  
12 [REDACTED]  
13 [REDACTED]

14 due to shifting the in-service date of the CT Project to the end of year 2027.

15 **Q10. Will NIPSCO's energy hedging plan incorporate any impacts associated**  
16 **with shifting the in-service date for the CT Project to end of year 2027?**

17 A10. Yes. NIPSCO will be incorporating the shift of the in-service dates of the  
18 CT Project into the modeling of its energy needs. The hedge plans will be

1 adjusted according to the changing energy needs of the portfolio and will  
2 likely require more energy hedges in 2026 and 2027. The degree to which  
3 additional energy hedges will be required in 2026 will be included in  
4 NIPSCO's FAC 142 filing.

5 **Q11. What are your conclusions regarding 2026 and 2027 capacity costs?**

6 A11. [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED].

10 **Interconnection Rights**

11 **Q12. Will the shift in the in-service date of the CT Project to end of year 2027**  
12 **impact NIPSCO's ability to use the existing MISO grid interconnection**  
13 **rights at the Schahfer site?**

14 A12. No. As described in my direct testimony, through the generator  
15 replacement provisions afforded under the MISO Tariff (Attachment 6-A),  
16 the CT Project will interconnect into the bulk electric system through the  
17 existing Point of Interconnection at the Schahfer site utilized by Schahfer  
18 Units 17 and 18, which are set to retire by year-end 2025. These MISO grid

1 interconnection rights can be transferred from existing coal units to the CT  
2 for up to three years after retirement, meaning that NIPSCO must make use  
3 of these rights by year-end 2028 to avoid losing them.

4 In my direct testimony, I explain why leveraging NIPSCO's existing  
5 interconnection rights is critical, mainly because it affords a more timely  
6 and cost-effective outcome for customers. As such, it is vital that this  
7 proceeding continue on a procedural path consistent with the parties'  
8 proposal and not face any further delay.

9 **Q13. Would a further shift in the in-service date of the CT Project (beyond end**  
10 **of year 2027) potentially impact NIPSCO's ability to use the existing**  
11 **MISO grid interconnection rights at the Schahfer site?**

12 A13. Yes, it could. Under the MISO Tariff rules, NIPSCO has a period of three  
13 years from the retirement of a facility to utilize the interconnection rights.  
14 Thus, with a late 2025 planned retirement for Schahfer Units 17 and 18,  
15 further delays (such as those that would result from waiting to seek  
16 Commission review and approval of a similar project until after completion  
17 of the 2024 IRP) could jeopardize NIPSCO's ability to use the Schahfer



1 interconnection rights—which could have significant timing and cost  
2 impacts on a project.

3 **Conclusion**

4 **Q14. Does NIPSCO remain confident that it can reliably and affordably serve**  
5 **its customers during and upon completion of its generation transition?**

6 A14. Yes. NIPSCO's 2021 IRP, which included an expanded analysis of  
7 reliability, affirmed the early retirement of coal is still cost-effective for  
8 customers and replacement resources containing a diverse, flexible, and  
9 scalable mix of incremental resources support continued reliability. As  
10 outlined by NIPSCO Witness Augustine, the 2023 portfolio analysis  
11 incorporated market shifts and changes that have occurred since the 2021  
12 IRP, including the MISO seasonal resource adequacy construct. These  
13 changes point to the increased need for capacity-advantaged resources in  
14 the portfolio, which is not impacted by a 12-month shift in the in-service  
15 date of the CT Project to end of year 2027.

16 As I described in my direct testimony, NIPSCO is effectuating the  
17 generation transition in a number of ways, including construction of the CT  
18 Project, updating at-risk projects that are no longer viable, executing solar

1           and wind PPAs, and seeking approval of cost and structure updates that  
2           take advantage of IRA incentives.<sup>4</sup> Even with a end of year 2027 in-service  
3           date, NIPSCO can leverage existing interconnection rights at the Schahfer  
4           site for the CT Project, which serves to reduce the overall cost of the project  
5           and provides greater timing certainty for its completion.

6           Overall, NIPSCO remains confident that, through its own resource  
7           planning efforts and its participation in the MISO market, it will be able to  
8           serve all its customers reliably and affordably during and upon completion  
9           of its generation transition.

10   **Q15. Does this conclude your prefiled supplemental testimony?**

11   A15. Yes.

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<sup>4</sup> NIPSCO has received approval of a (1) Solar Energy Purchase Agreement between NIPSCO and Appleseed Solar, LLC dated January 24, 2023 and Wind Energy Purchase Agreement between NIPSCO and Templeton Wind Energy Center, LLC dated February 13, 2023 in Cause No. 45887; (2) a Wind Energy Purchase Agreement between NIPSCO and Carpenter Wind Farm LLC dated April 13, 2023 in Cause No. 45908; and (3) conversion of the Gibson PPA approved June 29, 2021 in Cause No. 45489 to a build transfer in Cause No. 45926, along with termination of the Elliott Project approved July 28, 2021 in Cause No. 45529, and sought approval of cost increases and amended terms in the Dunn's Bridge II BTA and Cavalry BTA both approved May 5, 2021 in Cause No. 45462, which is currently pending in Cause No. 45936 (with an expected Order to be issued January 17, 2024).

## VERIFICATION

I, Karl E. Stanley, Vice President of Supply & Optimization for Northern Indiana Public Service Company LLC, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.



Karl E. Stanley

Date: January 16, 2024

Confidential Attachment 6-S-B (Redacted)