

NIPSCO prez: GenCo spinoff is in public interest

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NIPSCO's president is making a case that the utility's proposed GenCo spinoff to fund data centers would be in the public interest.

President and Chief Operating Officer Vincent Parisi argued in a filing with the Indiana Utility Regulatory Commission that a proposed settlement with large industrial customers would address some of the common concerns raised by stakeholders.

The Merrillville-based utility is seeking the state's permission to create a new, more lightly regulated spinoff that would negotiate rates directly with hyperscale data centers. It's touting GenCo as the solution for the question of how to fund the billions of dollars of data centers that have been proposed in Hammond, Hobart, Merrillville and other Northwest

Indiana communities, saying a separate company is needed to protect current customers from the cost and risk.

Critics like the Citizens Action Coalition environmental and consumer group and the LaPorte County government have raised a number of concerns, including that large customers would get preferential rates no one else could, that NIPSCO could pick data center winners and losers and that failed projects could increase the financial burden for existing residents.

GenCo reached a settlement with the NIPSCO Industrial Group that consists of large consumers of power like Cleveland-Cliffs and U.S. Steel. The utility said it would largely serve new data centers through independently developed power generation infrastructure rather than by building new power plants of its own. GenCo would sign pur-

chase power agreements, or deals with independent electricity generators like solar or wind farms, to serve megaload customers that consume more than 50 megawatts.

"I would note that various parties raised a number of common concerns which are addressed in the settlement," Parisi said in his testimony. "From the perspective of GenCo and NIPSCO, however, the settlement also accounts for and addresses not only those issues, but also other concerns or issues unique to parties other than the NIPSCO Industrial Group."

Under the terms of the settlement, GenCo will procure its capacity to serve new megaload customers and will not enter into purchase agreements unless it already has a contract with a data center, Parisi testified. Substations or other transmission infrastructure built solely for a data center will be that data center's financial responsibility, he said.

As outlined in the settlement, GenCo will have to make a filing with the state every time it issues debt, Parisi wrote. The company would not have to go through a docketed proceeding the way NIPSCO does when it seeks to raise rates. However, the IURC would still review generation assets.

GenCo likely will at times end up with additional generation capacity beyond when NIPSCO contracted for and will sell off that power to the wholesale market, Parisi wrote. He testified there could be some cases where GenCo's electric capacity could end up serving NIPSCO's current customers if it was cost-effective.

NIPSCO's customers would not bear any financial responsibility for GenCo's power generation assets but potentially could acquire them if GenCo no longer needs them and they still have years of useful life.

If NIPSCO needs more power to

keep up with growth or adjust to changes in environmental rules, it could propose a purchase to the IURC, Parisi testified.

NIPSCO would need state approval if it ever had to raise rates to serve new data center capacity, which is a possibility despite its efforts to separate the two companies, Parisi wrote. NIPSCO, for instance, said it could seek higher rates if it has to provide electricity from its existing production assets on a temporary basis while new capacity is coming online to serve a new data center.

"If NIPSCO has a pending electric base rate case, this provision requires that a new rate schedule or tariff solely to serve megaload customers must be offered as part of that base rate case," Parisi wrote. "This is not to say that NIPSCO currently intends to offer a new 'megaload tariff,' but there could come a time in the future where it is appropriate to do so."

SMALL BUSINESS SPOTLIGHT



Lake Station woman charged with neglect

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to the hospital, according to the affidavit.