

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANAPOLIS)
POWER & LIGHT COMPANY FOR)
APPROVAL OF DEMAND SIDE)
MANAGEMENT ADJUSTMENT FACTORS) CAUSE NO. 43623 DSM-20
FOR ELECTRIC SERVICE FOR THE)
BILLING MONTHS OF JANUARY)
THROUGH DECEMBER 2021)

PETITIONER'S SUBMISSION OF DIRECT TESTIMONY OF
ZAC ELLIOT

Indianapolis Power & Light Company ("IPL" or "Petitioner"), by counsel, hereby
submits the direct testimony and attachment of Zac Elliot.

Respectfully submitted,



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INDIANAPOLIS POWER & LIGHT COMPANY

CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing was served this 27th day of October, 2020, via email transmission to:

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INDIANAPOLIS POWER & LIGHT COMPANY

**VERIFIED DIRECT TESTIMONY
OF
ZAC ELLIOT
INDIANAPOLIS POWER & LIGHT COMPANY
CAUSE NO. 43623 DSM-20**

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

2 A1. My name is Zac Elliot. I am employed by Indianapolis Power & Light Company ("IPL" or
3 "Petitioner"), whose business address is One Monument Circle, Indianapolis, Indiana
4 46204.

5 **Q2. What is your position with IPL?**

6 A2. My title is Manager, Energy Efficiency Programs.

7 **Q3. Please summarize your education and professional qualifications.**

8 A3. I hold a Bachelor's Degree from Indiana University's College of Arts and Science. I have
9 attended workshops, seminars, and conferences pertaining to planning, implementation,
10 and evaluation of Demand Side Management ("DSM") programs.

11 **Q4. What are your duties and responsibilities in connection with IPL's Demand-Side
12 Management Adjustment filings?**

13 A4. My primary responsibility is to oversee the successful and cost effective implementation
14 of IPL's DSM programs. This responsibility includes program administration, program
15 marketing, oversight of third party program delivery vendors, budget and expenditure
16 tracking, program impact tracking, quality assurance/control, and program process
17 improvement.

18 **Q5. Have you previously testified before this Commission?**

19 A5. Yes. I testified in a similar capacity in Cause No. 43623 and as IPL's DSM Plan witness
20 in Cause Nos. 44328, 44497, 44792, 44945 and 45370. I also testified in IPL's most recent
21 Green Power filing, Cause No. 44121 GPR 13.

1 **Q6. Are you familiar with IPL's petition in this proceeding and the relief that it seeks?**

2 A6. Yes, I am.

3 **Q7. Have you reviewed the testimony and attachments of the other witnesses in this**
4 **Cause?**

5 A7. Yes.

6 **Q8. What attachment are you sponsoring in this proceeding?**

7 A8. I am sponsoring Petitioner's Attachment ZE-1, which shows projected gross energy
8 savings for the DSM Programs for the 12-month period of January through December
9 2021.

10 **Q9. Was this attachment prepared or assembled by you or under your supervision and**
11 **direction?**

12 A9. Yes, it was.

13 **Q10. Is the information set forth in Petitioner's Attachment ZE-1 true and correct?**

14 A10. Yes, to the best of my knowledge.

15 **Q11. What is the purpose of your testimony in this proceeding?**

16 A11. My testimony describes the Company's efforts to implement DSM programs subsequent
17 to various Orders of the Commission, including the 2018-2020 DSM program offerings
18 approved in Cause No. 44945 (the "44945 Order"), and the Company's 2021-2023 DSM
19 Plan, Cause No. 45370, which is pending before the Commission.

20 In summary, my testimony will cover the following:

- 1 • The status of customer opt-outs from participation in IPL's DSM programs;
- 2 • A list of programs delivered as part of IPL's 2018-2020 DSM Plan, as well as a list of
- 3 programs proposed in IPL's pending 2021-2023 DSM Plan filed in Cause No. 45370;
- 4 • A description of the forecasted spending and estimated savings related to the
- 5 implementation of DSM programs for the period covered by this filing, January through
- 6 December 2021;
- 7 • A discussion of how lost revenues are recognized for cost recovery in the DSM
- 8 Adjustment (Standard Contract Rider No. 22);
- 9 • The process for computing lost revenues;
- 10 • A discussion financial incentives included in this Cause; and
- 11 • The ongoing activities of the IPL Oversight Board ("OSB").

12 **Q12. How many IPL customers are opted-out of DSM participation as of the date of this**
13 **filing?**

14 A12. As of the date of this filing, a total of 120 customers representing 625 total services are
15 opted out of DSM program participation. The opted-out customers, in aggregate, represent
16 approximately 23% of IPL's total 2019 sales.

17 **Q13. Have any customers who had previously opted out of DSM participation chosen to**
18 **opt back into program participation?**

19 A13. Yes, as of the date of this filing, six (6) IPL customers have chosen to opt back into DSM
20 program participation.

21 **Q14. What DSM programs were approved for IPL's 2018-2020 DSM Plan in Cause No.**
22 **44945?**

23 A14. A list of IPL's approved 2018-2020 DSM Plan programs are as follows:

Residential Programs

Lighting & Appliances
Community Based Lighting
Income Qualified Weatherization
Residential Demand Response
Multifamily
Whole Home
School Education
Appliance Recycling
Peer Comparison

Commercial & Industrial Programs

Business Prescriptive
Business Custom
Small Business Direct Install
Business Demand Response

Q15. What DSM programs are proposed for IPL's 2021-2023 DSM Plan filed in Cause No. 45370?

A15. On October 1, 2020, the Company filed Settlement testimony and attachments supporting its proposed 2021-2023 DSM Plan. The Settlement Agreement was co-sponsored by all the parties in that case. The proposed portfolio of programs for 2021-2023 are as follows:

Residential Programs

Appliance Recycling
Income Qualified Weatherization
Residential Demand Response
Efficient Products
Multifamily
School Education
Home Energy Reports

Commercial & Industrial Programs

Business Prescriptive
Business Custom
Small Business Direct Install
Business Demand Response

Q16. Please explain how IPL derived the program spending forecast shown in Petitioner's Attachment PJD-2, Page 1 of 5.

A16. The spending forecast for the period January through December 2021 was derived from the program spending amounts proposed in the pending Cause No. 45370 case (as modified by the Settlement Agreement). The forecasted spending in this filing is related to direct and indirect program operating costs.

Q17. What are the estimated gross energy savings that IPL expects to achieve in the period covered by this filing?

A17. The estimated gross energy savings for the period January through December 2021 (shown in Petitioner's Attachment ZE-1) represent the energy savings that are expected to result from the programs to be delivered during this period. These projected energy savings are also consistent with the amounts proposed in Cause No. 45370.

Q18. What is lost revenue?

A18. Lost revenue is the contribution to fixed costs that the utility does not receive when customers save energy (kWh) and/or demand (kW) through a utility-sponsored DSM program. Utility basic rates are designed to recover both fixed and variable costs based on an adjusted test year sales level.

Q19. How is the lost revenue in this filing calculated?

A19. The ex-ante lost revenue estimates associated with energy (kWh) and demand (kW) savings are calculated using the Indiana Technical Reference Manual and/or recent EM&V data. The quantity of measures actually implemented or forecasted to be implemented are then aggregated by program to obtain program level gross kWh and kW savings estimates.

1 Gross energy and demand savings estimates for each program are then recorded by rate
2 code based on program historical participation where rate code information has been
3 collected. For programs where rate codes for the participants are not known, the energy
4 and demand savings are allocated based on historical energy sales by rate code.¹ Estimated
5 gross energy and demand savings are then adjusted for freeridership and spillover effects
6 to obtain net energy and demand savings estimates. Annualized net energy and demand
7 savings amounts are then pro-rated to determine a monthly savings amount, and are only
8 reflected in months where the underlying measures are in service.

9 Lost margin rates by rate code are multiplied by the corresponding pro-rated net energy
10 and demand savings by rate code to determine the amount of the lost revenue. In the Cause
11 No. 44945 Settlement Agreement, IPL agreed to a five-year cap on lost revenue that result
12 from the installation of measures in 2018. Measures installed in 2019 and 2020 are subject
13 to a four year cap. In the Settlement Agreement pending in Cause No. 45370, IPL agreed
14 to a three year cap on lost revenues for measures installed in program years 2021-2023.

15 While lost revenue is initially forecasted based upon each program's participation on an
16 ex-ante basis, the lost revenue is ultimately trued-up to actual net energy and demand
17 impacts as determined through independent EM&V.

18 **Q20. Please describe how the lost revenue is trued-up by the results of the independent**
19 **EM&V.**

¹ As an example, retailers that sell lighting through the Residential Lighting & Appliances Program do not collect rate code information from customer participants.

1 A20. The independent third party evaluates the program results and provides ex-post impacts
2 using the approach described in the IPL EM&V Framework as approved by IPL's OSB in
3 June of 2015. IPL utilizes the results from the third-party evaluator to compare and true-
4 up the final ex-post net lost revenue to the amounts previously collected through Standard
5 Contract Rider No. 22. Adjustments are then made to amounts recovered through rates (in
6 a subsequent Standard Contract Rider No. 22 filing) based on the true-up calculations.

7 **Q21. Is IPL including a true-up of the lost revenue results in this filing?**

8 A21. Yes. IPL is including a true-up of the lost revenue for program year 2019 in this filing.
9 The EM&V analysis for 2019 was completed in June 2020 and subsequently IPL updated
10 the results from the EM&V report in the Vision DSM tracking tool, which serves as IPL's
11 system of record for lost revenues.

12 **Q22. Please describe financial incentives.**

13 A22. Financial incentives are contemplated by the Commission's DSM rules, and are intended
14 to provide an inducement for the Company to implement cost-effective DSM programs.
15 Additionally, a well designed financial incentive offsets the regulatory and/or financial bias
16 against delivery of DSM in favor of supply side resources.

17 **Q23. What financial incentives is IPL including in this case?**

18 A23. As described in more detail by IPL Witness Kimberly Aliff, IPL included a true-up of 2019
19 financial incentives based on the results of IPL's independent, third party evaluator. Better
20 than projected program performance, and higher than expected net-to-gross results were
21 the primary drivers for the positive variance and true-up. Additionally, IPL is forecasting
22 financial incentives for the period January 1st through December 31st 2021 consistent with

1 the amount proposed in pending Cause No. 45370 (IPL's 2021-2023 DSM Plan) as
2 modified by the Settlement Agreement.

3 **Q24. Please provide an update on IPL's OSB.**

4 A24. IPL continues to meet monthly with the IPL OSB. The IPL OSB presently consists of
5 representatives from IPL, the Office of Utility Consumer Counselor, and Citizens Action
6 Coalition. These meetings continue to provide an opportunity for information sharing and
7 feedback as we work toward the best approach to deliver IPL's DSM Programs.

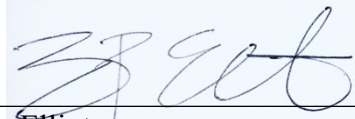
8 IPL worked collaboratively with the IPL OSB to select the contractors that are delivering
9 the DSM programs for the 2018 through 2020 DSM Program cycles, and additionally has
10 worked towards ensuring contracts are in place for delivery of IPL's pending 2021-2023
11 DSM Plan in Cause No. 45370. IPL also worked collaboratively with the OSB to select
12 an independent third party evaluator to complete the EM&V for the DSM programs for the
13 period 2018-2020, as well as the 2021-2023 period.

14 **Q25. Does this conclude your verified prefiled direct testimony?**

15 A25. Yes.

VERIFICATION

I, Zac Elliot, Manager, Energy Efficiency Programs of Indianapolis Power & Light Company affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

A handwritten signature in blue ink, appearing to read 'Zac Elliot', is positioned above a horizontal line. The signature is stylized with a large 'Z' and a cursive 'E'.

Zac Elliot

Dated: October, 2020

**Estimated Energy Savings for All Programs -
January 1 - December 31, 2021**

Line		Estimated Gross Energy Savings (MWh)
1	<u>Residential DSM Programs</u>	
2	Appliance Recycling	3,228,205
3	Residential Demand Response	503,030
4	Efficient Products	11,152,171
5	Multifamily	2,132,310
6	School Education	4,638,687
7	Home Energy Reports	27,000,000
8	Income Qualified Weatherization	8,282,808
9	Grand Total Residential	<u>56,937,212</u>
10	<u>Business DSM Programs</u>	
11	Custom	29,233,969
12	Demand Response	-
13	Prescriptive	66,916,239
14	Small Business Direct Install	5,343,907
15	Grand Total Commercial & Industrial	<u>101,494,115</u>
16	Grand Total Core and Core Plus DSM Programs	<u><u>158,431,327</u></u>