

OFFICIAL EXHIBITS

FILED
July 29, 2022
INDIANA UTILITY
REGULATORY COMMISSION

**SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
(CEI SOUTH)**

IURC
PETITIONER'S
EXHIBIT NO. 1
11-1-22 AT
DATE REPORTER

**DIRECT TESTIMONY
OF
STEVEN C. GREENLEY
SENIOR VICE PRESIDENT, GENERATION DEVELOPMENT**

ON

**OVERVIEW OF PETITIONER'S GENERATION TRANSITION PLAN AND PROPOSED
RENEWABLE PROJECT**

**SPONSORING PETITIONER'S EXHIBIT NO. 1 (PUBLIC)
ATTACHMENT SCG-1**

DIRECT TESTIMONY OF STEVEN C. GREENLEY

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Steven C. Greenley. My business address is 211 NW Riverside Drive,
4 Evansville, Indiana, 47708.

5 **Q. BY WHOM ARE YOU EMPLOYED?**

6 A. I am employed by CenterPoint Energy Houston Electric, a wholly-owned subsidiary of
7 CenterPoint Energy, Inc.

8 **Q. ON WHOSE BEHALF ARE YOU SUBMITTING THIS DIRECT TESTIMONY?**

9 A. I am submitting testimony on behalf of Southern Indiana Gas and Electric Company d/b/a
10 CenterPoint Energy Indiana South ("Petitioner", "CEI South", "CEIS", or "Company"), which
11 is an indirect subsidiary of CenterPoint Energy, Inc.
12 A.

13 **Q. WHAT IS YOUR ROLE WITH RESPECT TO PETITIONER?**

14 A. I am Senior Vice President of Generation Development.

15 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

16 A. I graduated in 1998 from the University of Texas at Austin with a Bachelor of Science Degree
17 in Mechanical Engineering.

18 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL BACKGROUND.**

19 A. Since graduating in 1998, I have been employed by CenterPoint Energy, Inc. or one of its
20 affiliates in various positions with increasing responsibility. My positions have included
21 Engineer; Gas Integrity Group Manager; Technical Field Operations Manager; District
22 Director; Service Area Director; Division Vice President Regional Operations for Louisiana
23 and Mississippi; Division Vice President Regional Operations for Texas; Division Vice
24 President Customer Services; Vice President of Electric Distribution Operations; and Senior
25 Vice President of Gas Operations. I was named to my present position in August 2020.

26 **Q. WHAT ARE YOUR PRESENT DUTIES AND RESPONSIBILITIES AS SENIOR VICE**
27 **PRESIDENT OF GENERATION DEVELOPMENT?**

1 A. I am responsible for all aspects of the Company's Generation Transition Plan as set forth in
2 its 2019/2020 Integrated Resource Plan ("IRP") submitted on June 29, 2020. My direct
3 responsibilities include development, execution, and oversight of new renewable projects
4 as well as project development and construction of natural gas generation to complement
5 the renewables in the portfolio. In addition, I oversee Power Supply Services, which includes
6 Market Settlements and Wholesale Power Marketing.

7 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE INDIANA UTILITY REGULATORY**
8 **COMMISSION (THE "COMMISSION")?**

9 A. Yes. I provided testimony before the Commission in Cause No. 45501 in support for
10 Petitioner's request for: (i) a certificate of public convenience and necessity ("CPCN") to
11 purchase and acquire, indirectly through a Build Transfer Agreement ("BTA"), a solar facility
12 in Posey County, Indiana; and (ii) authorization to enter into a Power Purchase Agreement
13 ("PPA") to purchase energy and capacity from a 100 megawatts alternating current
14 ("MWac") solar project in Warrick County. In addition, I provided testimony before the
15 Commission in Cause No. 45564 in support of CEI South's request for a CPCN to construct
16 two natural gas combustion turbines ("CTs") providing approximately 460 MW of capacity.
17 Additionally, I provided testimony before the Commission in Cause No. 45600 in support of
18 CEI South's request for authority to (i) enter into a PPA to purchase energy, capacity, and
19 Renewable Energy Credits ("RECs") from a 185 MWac solar project in Vermillion County;
20 and (ii) enter into a PPA to purchase energy, capacity, and RECs from a 150 MWac solar
21 project in Knox County.

22 **II. PURPOSE & SCOPE OF TESTIMONY**

23 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

24 A. My testimony provides an overview of CEI South's Generation Transition Plan (the "Plan")
25 and summarizes the benefits of adding solar energy to the Company's existing portfolio of
26 generation assets. Specifically, I support CEI South's request for an Order in this Cause
27 issuing CEI South a CPCN to purchase and acquire, indirectly through a BTA, a solar facility
28 in Pike County, Indiana, that will have an aggregate nameplate capacity of approximately
29 130 MWac (the "Pike County Solar Project" or "Project") pursuant to Ind. Code ch. 8-1-8.5.
30 The Pike County Solar Project is being constructed by Crosstrack Solar Energy, LLC
31 ("Crosstrack"), a wholly-owned subsidiary of Invenergy Solar Development North America

1 LLC ("ISDNA"), which in turn is a wholly-owned subsidiary of Invenergy Renewables.
2 Crosstrack, ISDNA, and Invenergy Renewables are affiliates of Invenergy LLC
3 ("Invenergy"). I note that approval of the Pike County Solar Project is crucial to ensure that
4 CEI South is able to meet its capacity needs. I also describe the need to obtain expedited
5 relief in this proceeding in order for the parties to meet their obligations under the BTA.
6 Finally, my testimony provides references to the other witnesses who provide more in-depth
7 discussion of the topics.

8 **Q. ARE YOU SPONSORING ANY ATTACHMENTS TO YOUR DIRECT TESTIMONY IN THIS**
9 **PROCEEDING?**

10 A. Yes. I am sponsoring the following attachment in this proceeding:

- 11 • Petitioner's Exhibit No. 1, **Attachment SCG-1: Verified Petition**

12 **Q. WAS THIS ATTACHMENT PREPARED BY YOU OR UNDER YOUR SUPERVISION?**

13 A. Yes, and I verified the factual content of the Petition on behalf of the Company.

14 **Q. PLEASE BRIEFLY INTRODUCE THE OTHER WITNESSES TESTIFYING ON BEHALF**
15 **OF PETITIONER.**

16 A. In addition to my testimony, the Company offers the testimony of the following witnesses:

17 Mr. F. Shane Bradford, Director of Power Supply Services, explains CEI South's decision to
18 pursue the Pike County Solar Project and describes the Company's utilization of the 2020
19 Renewable Request for Proposals ("RFP") to identify and select this viable, competitive
20 renewable project as well as the benefits of integrating this project into the Plan. He then
21 provides a high-level overview of the significant terms of the BTA and supports the price
22 negotiated for the purchase of the Pike County Solar Project. Mr. Bradford also describes
23 why he believes the Pike County Solar Project benefits the system and shares the how the
24 Project is necessary for CEI South to meet its MISO Independent System Operator ("MISO")
25 Planning Reserve Margin Requirements ("PRMR"). He also describes how the proposed
26 Levelized Rate was selected and how it compares to current prices for solar energy.

27 Mr. Matthew A. Rice, Director, Rates & Regulatory Indiana Electric, describes the analysis
28 and results of the Company's 2019/2020 IRP, including the process leading to its
29 development; benefits of the Preferred Portfolio; as well as the proposed ratemaking
30 treatment for the Pike County Solar Project within the Company's Clean Energy Cost

1 Adjustment ("CECA"), which the Commission approved in Cause No. 44909. Mr. Rice
2 describes how customer rates will be impacted by the Project in addition to explaining why
3 the Pike County Solar Project qualifies as a clean energy project under Indiana law and
4 supports the request for a grant of a CPCN for the Project.

5 Mr. Wayne D. Games, Vice President, Power Generation Operations, provides details
6 regarding the components of the Pike County Solar Project in addition to describing CEI
7 South's plan with respect to operating the Project upon its completion. In addition, Mr.
8 Games briefly addresses the need for capacity generated by the Pike County Solar Project.

9 Ms. Erin M. Carroll, Senior Vice President of Supply Chain Consulting for Wood Mackenzie,
10 describes recent events impacting the solar market. Among other things, she explains the
11 impact that commodities price increases have had on the price of solar modules and
12 ultimately the cost of energy produced by solar modules. Ms. Carroll concludes that the
13 price escalation that occurred with respect to the Pike County Solar Project is lower than
14 expected and the price provided for the Pike County Solar Project is below Wood
15 Mackenzie's medium forecast for solar projects at this point in time.

16 Mr. Benjamin M. Bailey, Financial Manager, explains the proposed accounting treatment for
17 the Pike County Solar Project. In particular, he supports the use of a Levelized Rate for
18 energy generated by the Pike County Solar Project; describes how the Project will be
19 depreciated; and explains why earnings from the Pike County Solar Project will be excluded
20 from the Petitioner's Fuel Adjustment Clause ("FAC") earnings test.

21 Mr. Benjamin D. Vallejo, Director, Investor Relations, explains the federal investment tax
22 credit ("ITC") for solar systems and how CenterPoint Energy, Inc.'s tax capacity allows the
23 Company to directly realize applicable tax incentives without the added cost of a tax equity
24 partner. Second, Mr. Vallejo explains how the proposed treatment of the ITC complies with
25 Internal Revenue Service ("IRS") guidelines and why the Company's use of the ITC provides
26 the most cost-effective project possible on behalf of our customers. Finally, he discusses
27 how this structure allows the Company to realize the benefit of the ITC quickly and in turn,
28 pass that benefit through to customers.

29 Ms. Rina H. Harris, Director, Energy Solutions and Business Services, explains the
30 increased importance of renewable energy to large customers and other customer classes.

In addition, Ms. Harris describes how the procurement of renewable energy through BTAs meets customer expectations and describes Petitioner's progress in developing a Green Power tariff that would enable customers who wish to purchase "Green Power" from the Company.

III. COMPANY DESCRIPTION

Q. PLEASE DESCRIBE PETITIONER'S CORPORATE STRUCTURE.

A. Petitioner renders electric utility service to approximately 150,000 customers in seven counties in southwestern Indiana. Petitioner's ultimate parent company – CenterPoint Energy, Inc. – is a company with more than seven million metered gas and electric customers and a long history of utility service. Additional information concerning CenterPoint Energy, Inc. and its affiliates is available in the 2021 Annual Report and SEC Form 10-K filing submitted on behalf of CenterPoint Energy, Inc., each of which can be found at CenterPointEnergy.com.¹

IV. OVERVIEW OF COMPANY'S GENERATION TRANSITION PLAN

Q. PLEASE PROVIDE AN OVERVIEW OF CEI SOUTH'S PLAN.

A. Consistent with the Company's 2019/2020 IRP findings, CEI South developed the Plan focused on implementation of the Preferred Portfolio in its IRP. The Preferred Portfolio calls for the timely retirement of certain identified existing generation assets and replacement of those assets with new generation resources. The 2019/2020 IRP concludes that implementation of the Preferred Portfolio provides a lower cost and reduced risk future for CEI South's customers as compared to a business as usual approach.

The Plan required an initial step of identifying and selecting approximately 700-1,000 MWac of solar generation, 300 MWac of wind generation, and approximately 460 MW of natural gas Combustion Turbine generation. CEI South has begun making filings to implement this Plan. With Cause Nos. 45501, 45564, and 45600, which CEI South filed in February 2021, June 2021, and August 2021, respectively, CEI South took important steps to implement

¹ https://investors.centerpointenergy.com/annuals-and-proxies?_ga=2.40427687.460241422.1654799827-1046948538.1652360253

the Plan by seeking approval of three solar PPAs, one solar BTA, and two natural gas CTs. This proceeding represents the next necessary step in the Plan.

Q. PLEASE PROVIDE AN OVERVIEW OF CEI SOUTH'S EXISTING GENERATION RESOURCES.

A. The table below shows Petitioner's generating units. Petitioner's current generation mix consists of approximately 1,329 megawatts ("MW") of installed capacity. With respect to solar, currently, Petitioner owns and operates two 2-MW solar arrays on its system, in accordance with the Commission's Order in Cause No. 44909; and one 50-MW solar facility in Spencer County, in accordance with the Commission's Order in Cause No. 45086.

Table 1: Generating Units

Unit	Installed Capacity ICAP (MW)	Primary Fuel	Year in Service
A.B. Brown 1	245	Coal	1979
A.B. Brown 2	245	Coal	1986
F.B. Culley 2	90	Coal	1966
F.B. Culley 3	270	Coal	1973
Warrick Unit 4	150	Coal	1970
OVEC	≈32	Coal	1950s – 1960s
A.B. Brown 3	80	Gas	1991
A.B. Brown 4	80	Gas	2002
Blackfoot	3	Landfill Gas	2009
Benton County	30	Wind PPA	2008
Fowler Ridge	50	Wind PPA	2009
Oak Hill	2	Solar	2018
Volkman Rd	2	Solar	2018
Troy	50	Solar	2021

Q. PLEASE EXPLAIN HOW THE RELIEF OBTAINED IN CAUSE NOS. 45501, 45564, AND 45600 WILL IMPACT CEI SOUTH'S EXISTING GENERATION MIX.

A. The relief sought in Cause No. 45501 was the first step in CEI South's Plan. Pursuant to the Commission's October 27, 2021 Final Order, CEI South obtained approval to acquire through a BTA an approximately 300 MWac solar facility in Posey County, Indiana (the "Posey County Solar Project") as well as purchase energy and capacity from a 100 MW solar project in Warrick County, Indiana, during the second half of 2023 (the "45501 Solar

1 Projects"). As further discussed by CEI South Witness Shane Bradford, due to industry wide
2 supply chain cost pressures, the Posey County Solar Project has now been downsized to
3 approximately 191 MWac.

4 The relief sought in Cause No. 45600 was another step in CEI South's Plan. Pursuant to
5 the Commission's May 4, 2022 Final Order, CEI South was authorized to enter into a 150
6 MW solar PPA to purchase energy from a facility in Knox County, as well as a 185 MW solar
7 PPA to purchase energy from a solar farm in Vermillion County (the "45600 Solar Projects").

8 Another step in CEI South's Plan was the relief sought in Cause No. 45564. Pursuant to
9 the Commission's June 28, 2022 Order, CEI South was issued a CPCN to construct two
10 natural gas CTs providing approximately 460 MW of capacity to complement CEI South's
11 renewable resources.

12 **Q. ARE ANY OF THE RENEWABLE PROJECTS APPROVED IN CAUSE NO. 45501 OR**
13 **CAUSE NO. 45600 IN SERVICE?**

14 A. No. CEI South has made real progress getting projects approved. However, getting the
15 projects in service and available to meet the Company's capacity needs has been more
16 challenging. First, as mentioned above, the Posey County Solar Project is downsizing from
17 300 MWac to approximately 191 MWac. This decision was based in large part on supply
18 chain issues across the energy industry, as well as escalating commodity costs that have
19 impacted the project schedule and timeline. As further discussed by CEI South Witnesses
20 Bradford and Carroll, the global supply chain issues and escalating commodity costs have
21 substantially pushed up the price of completing solar projects. Negotiating the terms of
22 BTAs and PPAs has become much more difficult given the cost increases that the industry
23 is facing. Nonetheless, it is crucial that CEI South continue to work to bring these projects
24 on line and to identify new projects in order to meet system needs. Obtaining approval of
25 the Pike County Solar Project is critical in that regard.

26 **Q. WHY DO YOU BELIEVE THAT APPROVAL OF THE PIKE COUNTY SOLAR PROJECT**
27 **IS CRITICAL?**

28 A. The Pike County Solar Project is part of the first phase of the Plan. With the downsizing of
29 the Posey County Solar Project, CEI South has approximately 626 MWac of approved solar
30 generation capacity. This amount of solar capacity is below the 700 to 1,000 MWac solar
31 generation identified in the Generation Transition Plan. If approved, the Pike County Solar

1 Project will add 130 MWac of generation capacity to help meet the goals identified in the
2 Plan.

3 CEI South cannot delay adding capacity from the Pike County Solar Project. The retirement
4 of A.B. Brown Units 1 & 2, F.B. Culley 2, and anticipated exit of the Joint Operating
5 Agreement for Warrick Unit 4 will create a capacity gap to achieve the MISO PRMR.
6 Petitioner's Witness Bradford discusses in greater detail the need for the additional capacity
7 from the Pike County Solar Project. Among other things, Mr. Bradford provides CEI South's
8 forecasted capacity position for the 5-year period starting with the 2025/2026 MISO capacity
9 planning year which shows a capacity deficit as capacity purchases fall off in 2028, requiring
10 additional capacity purchases or capacity to meet CEI South's needs. CEI South cannot be
11 in the position of having to over rely on the MISO Planning Resource Auction ("PRA"). As
12 Witness Bradford further explains, over reliance on the MISO PRA would increase costs for
13 our customers and is contrary to Indiana House Bill 1520 which essentially precludes each
14 public utility from acquiring more than 30% of its PRMR from the PRA.

15 **Q. IN YOUR OPINION WOULD NOT PURSUING THE PIKE COUNTY SOLAR PROJECT**
16 **HAVE ADVERSE CONSEQUENCES FOR CEI SOUTH'S CUSTOMERS?**

17 A. Yes. Without the capacity provided by the projects approved to date and the Pike County
18 Solar Project, CEI South will be at risk of having to make high priced purchases from the
19 PRA. Worse yet, as discussed by Mr. Bradford, MISO indicated in its 2022 PRA results that
20 "auction results indicate that MISO North/Central Regions have a slightly increased risk of
21 needing to implement temporary controlled load sheds."² The Pike County Solar Project will
22 help mitigate these risks.

23 **Q. ASIDE FROM BEING CRITICAL TO MEETING CEI SOUTH'S CAPACITY NEEDS, IS**
24 **PURSUING THE PIKE COUNTY SOLAR PROJECT AS CALLED FOR UNDER THE**
25 **PLAN CONSISTENT WITH THE 2019/2020 IRP?**

26 A. Yes. The Pike County Solar Project and the Generation Transition Plan are consistent with
27 Petitioner's 2019/2020 IRP. With Petitioner's existing coal-fired units near retirement and
28 utility-scale solar emerging as an efficient energy source that complements other generation
29 alternatives, the Company's Plan, and relief sought in this proceeding, represent a step

² See <https://cdn.misoenergy.org/2022%20PRA%20Results624053.pdf>

1 towards diversifying its generation assets while ensuring reliable service to its customers in
2 a cost-effective manner.

3 The Company began its 2019/2020 IRP evaluation and analysis process in April 2019. In
4 developing its Plan, the Company selected a Preferred Portfolio that offers a balanced and
5 prudently diverse mix of traditional and emerging generation resources (wind, solar, storage,
6 energy efficiency, natural gas, coal) with flexibility to hedge against risk, and opportunity to
7 pivot and react to changing circumstances as opposed to placing too much emphasis on a
8 few large resources or uneconomic investments. In addition to the Plan both containing a
9 more diverse mix of resources, the Company's proposed solar projects (those approved as
10 well as the Pike County Solar Project subject of this Cause) offer diversity and flexibility in
11 relation to the type of investment (ownership and power purchase agreements) as well as
12 duration – varying PPA terms providing additional options and/or off-ramps. The 2019/2020
13 Preferred Portfolio is also reliable and resilient, offering a transition to a cleaner energy
14 future while complementing renewable energy resources with fast start and fast ramping
15 capability to ensure sufficient capacity to cover the Company's load in the winter when there
16 is less solar output.

17 Moreover, the 2019/2020 Preferred Portfolio is cost-effective, reducing the Company's cost
18 of providing service to its customers over the next 20 years by more than \$320 million as
19 compared to continued operation of the Company's existing generation portfolio. Solar
20 resources were selected in all portfolios including the Preferred Portfolio and together, the
21 capacity attributable to this Project, along with the capacity attributable to the 45501 Solar
22 Projects, the 45600 Solar Projects, and CTs approved in Cause No. 45564, will help fill a
23 portion of the capacity necessary to meet Petitioner's retail electric load and adequate
24 reserve margins. Further, the Pike County Solar Project would represent a reasonable
25 addition to Petitioner's generation resource portfolio that, in the aggregate, serves to
26 increase reliability and efficiency as well as mitigate risk through diversification, not only of
27 resource mix but asset type, and fosters an economic mix of capacity resources, consistent
28 with Commission guidance in previous generation filings.

V. OVERVIEW OF THE PIKE COUNTY SOLAR PROJECT

Q. HOW WAS THE PIKE COUNTY SOLAR PROJECT SELECTED?

A. The Pike County Solar Project was selected from the Company's second RFP which was issued on August 12, 2020 and sought a combination of wind, solar, and solar + storage resources to meet the need identified in the Plan (the "2020 Renewable RFP"). As with the All-Source RFP (issued in June 2019), the 2020 Renewable RFP was used to help Petitioner identify projects for its Generation Transition Plan, specifically replacement generation capacity beginning in 2023. Petitioner selected the Vermillion County Solar Project and Knox County Solar Project PPAs that were approved in Cause No. 45600 as a result of the 2020 Renewable RFP process; as well as the Pike County Solar Project, which is the subject of this Cause and balances the Company's BTA/PPA mix.

Q. PLEASE PROVIDE AN OVERVIEW OF THE PIKE COUNTY SOLAR PROJECT.

A. Crosstrack originally bid the Pike County Solar Project into the 2020 Renewable RFP as "Cato Solar" and subsequently changed the name to Crosstrack Solar. The Crosstrack Solar facility, which I refer to as Pike County Solar Project, is a 130 MWac project located in Pike County, Indiana, near the City of Petersburg; and will interconnect to CEI South's transmission system at Cato 138 kV substation. The Pike County Solar Project originally was bid with a target completion date in 2023; however, the timeline was re-aligned during the contracting phase due to ongoing MISO delays and supply chain constraints. The decision to extend the timeframe for the Guaranteed Substantial Completion Date to March 31, 2025 was also made possible by the extension of ITC eligibility due to COVID-19 delays so the Project will still qualify for the 30% ITC as planned. Crosstrack has obtained land rights for the land on which the solar panels and other facilities will be located.

Q. PLEASE DESCRIBE THE STATUS OF THE CONSTRUCTION OF THE PIKE COUNTY SOLAR PROJECT.

A. As further discussed by Petitioner's Witness Bradford, the Pike County Solar Project is in the 2019 MISO Interconnection Queue Cycle and is expected to have a signed Generator Interconnection Agreement near the end of 2022. Land leasing rights have been obtained and Pike County permitting has been approved. CEI South performed extensive due diligence to ensure that the Pike County Solar Project will qualify for the 30% ITC.

1 **Q. BRIEFLY DESCRIBE THE TRANSACTION STRUCTURE FOR THE PIKE COUNTY**
2 **SOLAR PROJECT.**

3 A. The Pike County Solar Project will be fully developed, engineered, procured, and
4 constructed by Crosstrack and then acquired by CEI South in a transfer of the Project
5 Company, Crosstrack Solar Holdings LLC, which is a Special Entity established to facilitate
6 ownership transfer of the Project. Under the BTA, Crosstrack will own the project until it
7 achieves mechanical completion, upon which time, CEI South will acquire the project and
8 all of its attributes which are being held in the subsidiary limited liability corporation. The
9 BTA sets forth Crosstrack's obligations to bring the Project to final completion after the
10 transaction closing occurs. This structure is necessary to enable CEI South to claim the tax
11 attributes of the Project. The BTA may be terminated in the event approvals requested in
12 this proceeding are not granted by the Commission in a timely manner. The BTA sets forth
13 the payment schedule and holdbacks, performance security, liquidated damages, and other
14 typical attributes designed to minimize risk to CEI South's customers.

15 **Q. PLEASE DESCRIBE THE BENEFITS OF THE LOCATION PIKE COUNTY SOLAR**
16 **PROJECT.**

17 A. The location of the project within CEI South's customer service territory provides reliability
18 and economic benefits to our customers. The Pike County Solar Project interconnects
19 directly to the Company's transmission system at the Cato 138 kV substation. The
20 interconnection near the load it is intended to serve reduces the probability of congestion
21 and enhances operation and maintenance of the system. Upon completion, the Pike County
22 Solar Project will be part of the tax base in Pike County. Finally, the Pike County Solar
23 Project will represent a valuable marketing tool for industry considering Pike County as a
24 location and that values renewable energy and its attributes, as further explained by
25 Petitioner's Witness Harris.

26 **Q. IN YOUR OPINION, IS THE PIKE COUNTY SOLAR PROJECT A PRUDENT, VALUABLE,**
27 **AND REASONABLY PRICED RENEWABLE ENERGY RESOURCE?**

28 A. Yes. Investing in solar energy resources is reasonable and appropriate; and will benefit
29 Indiana and CEI South's customers. The Pike County Solar Project serves to diversify the
30 Company's generation portfolio; is consistent with the Preferred Portfolio in Petitioner's
31 2019/2020 IRP; provides additional solar generation located in Indiana; encourages
32 economic development; and meets customers' increasing desire for the utility to provide

renewable energy options to serve their needs and for some, satisfy their renewable energy goals.

The cost of the project also is reasonable. As discussed by Petitioner's Witnesses Bradford and Carroll, solar prices jumped in 2021 as broad economic challenges, including supply chain constraints, hit the industry. The cost for photovoltaic modules has risen dramatically. However, as Mr. Bradford and Ms. Carroll testify, the cost of the Pike County Solar Project remains competitive. Ms. Carroll explains that the price of the Pike County Solar Project is below Wood Mackenzie's medium forecast for solar projects at this point in time. Moreover, solar prices are not expected to decline in the near future. Even if prices were to decrease, in 2026, the ITC will decrease from 30% to 10%, which will increase the ultimate cost to customers. In my opinion, the Pike County Solar Project will provide reliable service to CEI South's customers at a reasonable price. Therefore, Commission approval of the Pike County Solar Project and associated relief sought within the subject cause is in the public interest, will enhance or maintain the reliability and efficiency of service provided by the Company, and is otherwise consistent with Ind. Code § 8-1-8.8-11.

VI. CUSTOMER EXPECTATIONS

Q. PLEASE EXPLAIN HOW PETITIONER'S PROPOSAL TO PURCHASE THE PIKE COUNTY SOLAR PROJECT IS RESPONSIVE TO THE COMPANY'S CUSTOMERS OR COMMUNITIES IN WHICH IT SERVES.

A. The Pike County Solar Project represents an important step in facilitating the ability to provide our large customers with a portion of their demand via renewable energy. As Petitioner's Witness Harris explains, the addition of the project to Petitioner's generation portfolio will play a critical role in retaining large customers, given that utilities will soon be expected to provide solutions to assist with manufacturers' renewable and sustainable energy goals or risk the companies procuring energy from other sources or making strategic decisions to relocate manufacturing load.

Aside from being responsive to the sustainability policies of existing and potential large customers, the addition of renewable resources offers other benefits within the Company's service territory. For instance, the communities in which CEI South serves will benefit to the extent the projects support growth among the Company's large customers or attract new

customers, creating a potential ripple effect on the local economy, and/or potentially spreading fixed costs over a larger customer base to the benefit of all customers.

CEI South also is developing a Green Power tariff as discussed by Petitioner's Witness Harris. That tariff will allow companies in CEI South's service area to purchase power directly from the renewable resources being added to our portfolio.

VII. NEED FOR EXPEDITED RELIEF

Q. IS THE COMPANY SEEKING EXPEDITED RELIEF IN THIS PROCEEDING?

A. Yes, as mentioned above, this Pike County Solar Project is contingent upon the approval of the Commission. Specifically, the BTA allows either party to terminate the agreement if all conditions to closing have not been met by April 3, 2023, and Commission approval through the issuance of a final Order is one of those conditions. As a practical matter the developer will likely minimize its time investment until Commission approval has been issued. As such, expedited relief will help ensure all conditions to closing are met in a timely manner.

Q. GIVEN THE FOREGOING CONSTRAINTS, WHEN DOES PETITIONER NEED AN ORDER IN THIS PROCEEDING TO BE ISSUED?

A. Petitioner developed the schedule set forth in the Verified Petition with a goal of obtaining an Order before December 1, 2022. This schedule was designed to align with the Ind. Code § 8-1-8.8-11(d), which provides for expedited approval of a clean energy project and provides: "The commission shall, after notice and hearing, issue a determination of a project's eligibility for the financial incentives described in subsection (a) not later than one hundred twenty (120) days after the date of the application, unless the commission finds that the applicant has not cooperated fully in the proceeding." Given the importance of this Project to the Company capacity needs, CEI South intends to cooperate fully in the proceeding and work to get all stakeholders information they need to review the request as soon as possible.

Q. WHY DIDN'T CEI SOUTH NEGOTIATE FOR A LONGER COMMISSION REVIEW PERIOD?

A. CEI South made efforts to do so, but unfortunately, the quick review period is driven by the current inflationary pressures impacting the solar market. Crosstrack was not agreeable to leaving the agreed upon pricing terms open for a long period given the uncertainty facing

the industry. The BTA was signed in July 2022 and Crosstrack was only agreeable to leaving the pricing open through April 3, 2022.

Q. HAS THE COMPANY DISCUSSED THE EXPEDITED RELIEF REQUEST WITH STAKEHOLDERS?

A. Yes. Petitioner provided the schedule set forth in the Verified Petition to the Indiana Office of Utility Consumer Counselor and the OUCC has agreed to that schedule.

VIII. STAKEHOLDER ENGAGEMENT

Q. PLEASE DESCRIBE ANY STEPS CEI SOUTH HAS TAKEN TO MEET WITH INTERESTED STAKEHOLDERS TO DISCUSS THIS FILING.

A. CEI South met with the Commission on May 16, 2022; with the Indiana Office of the Utility Consumer Counselor on June 21, 2022; the CEI South Industrial Group on June 22, 2022; and Citizens Action Coalition of Indiana, Inc. on July 27, 2022.

IX. CONCLUSION

Q. IN YOUR OPINION, IS THE PIKE COUNTY SOLAR PROJECT REASONABLE AND NECESSARY AND IN THE PUBLIC INTEREST?

A. Yes. Investing in solar energy resources continues to be reasonable and appropriate and will benefit Indiana and CEI South's customers. The Pike County Solar Project serves to diversify the Company's generation portfolio; is consistent with the Preferred Portfolio in Petitioner's 2019/2020 IRP; provides additional solar generation located in Indiana; encourages economic development; and meets our customers' increasing desire to have renewable energy options available to serve their needs, and helps satisfy some customer's renewable energy goals. Accordingly, Petitioner respectfully requests that the Commission approve CEI South's proposed Pike County Solar Project and requested ratemaking and accounting relief.

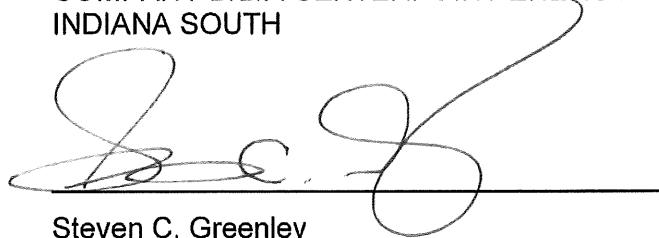
Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

VERIFICATION

I affirm under penalties for perjury that the foregoing representations are true to the best of my knowledge, information, and belief.

SOUTHERN INDIANA GAS AND ELECTRIC
COMPANY D/B/A CENTERPOINT ENERGY
INDIANA SOUTH

A handwritten signature in black ink, appearing to read 'S.C. Greenley', is written over a horizontal line.

Steven C. Greenley
Senior Vice President, Generation Development

7/29/2022

Date

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF SOUTHERN INDIANA GAS)
AND ELECTRIC COMPANY D/B/A CENTERPOINT)
ENERGY INDIANA SOUTH ("CEI SOUTH") FOR AN)
ORDER: (1) ISSUING CEI SOUTH A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY ("CPCN"))
TO PURCHASE AND ACQUIRE THROUGH A BUILD)
TRANSFER AGREEMENT ("BTA") A SOLAR POWER)
ELECTRIC GENERATING FACILITY IN PIKE)
COUNTY, INDIANA, THAT WILL HAVE AN)
AGGREGATE NAMEPLATE CAPACITY OF)
APPROXIMATELY 130 MEGAWATTS ALTERNATING)
CURRENT (THE "PIKE COUNTY SOLAR PROJECT");)
(2) FINDING THE PIKE COUNTY SOLAR PROJECT)
CONSTITUTES A "CLEAN ENERGY PROJECT")
UNDER IND. CODE CH. 8-1-8.8; (3) APPROVING)
ASSOCIATED RATEMAKING AND ACCOUNTING)
TREATMENT FOR THE PIKE COUNTY SOLAR)
PROJECT UNDER IND. CODE § 8-1-8.8-11; AND (4))
APPROVING CONFIDENTIAL TREATMENT FOR)
PRICING AND OTHER COMMERCIAL TERMS OF)
THE BTA AND RELATED CONFIDENTIAL)
INFORMATION.)

CAUSE NO. 45754

VERIFIED PETITION

Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South ("CEI South" or "Petitioner") respectfully petitions the Indiana Utility Regulatory Commission ("Commission") for an Order: (1) issuing CEI South a certificate of public convenience and necessity ("CPCN") to purchase and acquire a solar power electric generating facility in Pike County, Indiana, through a Build Transfer Agreement ("BTA") that will have an aggregate nameplate capacity of approximately 130 megawatts alternating current ("MWac") (the "Pike County Solar Project"); (2) finding the Pike County Solar Project constitutes a "clean energy project" under Ind. Code ch. 8-1-8.8; (3) approving associated ratemaking and accounting treatment for the Pike County Solar Project under Ind. Code § 8-1-8.8-11, including recovery of the cost of the project through a Levelized Rate applied to energy generated by the facility; and

(4) approving confidential treatment for pricing and other commercial terms of the BTA and related confidential information. In support of this Verified Petition, Petitioner submits the following:

1. **CEI South's Characteristics.** CEI South is an operating public utility incorporated under the laws of the State of Indiana and has its principal office at 211 NW Riverside Drive, Evansville, Indiana 47708. CEI South has charter power and authority to engage in, and is engaged in the business of, rendering retail electric service solely within the State of Indiana under indeterminate permits, franchises, and necessity certificates heretofore duly acquired. CEI South owns, operates, manages, and controls, among other things, plant, property, equipment, and facilities which are used and useful for the production, storage, transmission, distribution, and furnishing of electric service to approximately 150,000 electric consumers in southwestern Indiana. Its service territory is spread throughout seven counties: Pike, Gibson, Dubois, Posey, Vanderburgh, Warrick, and Spencer counties.

2. CEI South is a "public utility" within the meaning of Ind. Code § 8-1-2-1 and Ind. Code ch. 8-1-8.5. CEI South is an "eligible business" as defined in Ind. Code § 8-1-8.8-6. Petitioner is subject to the jurisdiction of this Commission in the manner and to the extent provided by the Public Service Commission Act, as amended, and other pertinent laws of the State of Indiana.

3. **CEI South's 2019/2020 IRP and RFPs.** On June 30, 2020, CEI South submitted an Integrated Resource Plan (the "2019/2020 IRP") to the Commission. The "Preferred Portfolio" set forth in the 2019/2020 IRP calls for CEI South to make changes to its generation portfolio in the next three years. The Preferred Portfolio calls for 1,150 MWs of new solar and solar plus storage in 2023-2024 to replace coal capacity.

4. Consistent with the Preferred Portfolio, CEI South conducted an All-Source request for proposals ("All-Source RFP") on June 12, 2019. On August 12, 2020, CEI South issued a second RFP seeking a combination of wind, solar, and solar plus storage resources to meet the need identified in the Preferred Portfolio to add 1,150 MWs of new solar and solar plus

storage in 2023-2024. Twenty-five individual respondents submitted complete responses to this second RFP resulting in 232 proposals, 191 of which were for renewable projects located in Indiana.

5. The Pike County Solar Project, which is further described below, along with two Power Purchase Agreements for solar projects located in Vermillion County and Knox County were selected from the second RFP. The Pike County Solar Project is consistent with CEI South's 2019/2020 IRP and is an economic choice to help meet CEI South's retail electric load. Commission approval of the Pike County Solar Project and associated relief sought herein is in the public interest, will enhance or maintain the reliability and efficiency of service provided by CEI South, and is otherwise consistent with Ind. Code § 8-1-8.8-11.

6. **The Pike County Solar Project and BTA.** The Pike County Solar Project is a solar generation facility, anticipated to have the capability of generating approximately 130 MWac of electricity located in Pike County, Indiana, near the City of Petersburg, Indiana. The Pike County Solar Project is anticipated to be completed by March 2025, and when completed, it will interconnect to CEI South's transmission system via CEI South's existing Cato 138 kV substation within the footprint of Midcontinent Independent System Operator ("MISO"). The Pike County Solar Project will be constructed by Crosstrack Solar Energy LLC ("Crosstrack"), a subsidiary of Invenergy LLC. The Pike County Solar Project is a clean energy project as defined in Ind. Code § 8-1-8.8-2(2).

7. CEI South and Crosstrack have entered into a BTA under which CEI South will purchase all of the membership interests in Crosstrack, upon Mechanical Completion and subject to fulfillment of the conditions precedent to closing. Prior to closing, Crosstrack will complete or enter into any and all contracts, permitting, land agreements, MISO processes, etc., as necessary to successfully place the Pike County Solar Project into service. In exchange for the membership interest, CEI South will pay an amount set forth in the BTA. The terms and conditions of the BTA are described in detail in Petitioner's evidence submitted herewith.

8. **Relief Requested.** Indiana Code § 8-1-8.5-2 requires that a public utility must obtain a CPCN prior to constructing, purchasing, or leasing a facility for the generation of electricity. A request for approval under Ind. Code § 8-1-8.8-1 does not relieve a public utility of the obligation to obtain a CPCN under Ind. Code ch. 8-1-8.5. Accordingly, and in accordance with Ind. Code § 8-1-8.5-2, CEI South requests that the Commission approve the BTA, in its entirety, and grant to CEI South a CPCN to purchase the Pike County Solar Project pursuant to Ind. Code § 8-1-8.5-1 et seq.

9. In accordance with Ind. Code § 8-1-8.5-6.5 and Ind. Code § 8-1-8.8-11, CEI South further requests that the Commission approve a fixed Levelized Rate per kWh to be applied to energy produced by the Pike County Solar Project for the life of the investment. The amount of the Levelized Rate will be supported in CEI South's case-in-chief and subject to adjustment only under certain circumstances. The Levelized Rate will be incorporated in the Clean Energy Cost Adjustment ("CECA") mechanism, which the Commission approved on August 16, 2017, in Cause No. 44909 for renewable energy projects.

10. Clean energy projects are specifically encouraged by Ind. Code ch. 8-1-8.8. Indiana Code § 8-1-8.8-11 authorizes the Commission to create financial incentives for the development of alternative resources. Indiana Code § 8-1-8.8-11(d) provides that "the commission shall, after notice and hearing, issue a determination of a project's eligibility for the financial incentives described in subsection (a) not later than one hundred twenty (120) days after the date of the application, unless the commission finds that the applicant has not cooperated fully in the proceeding." The BTA provides that CEI South must have obtained final Commission approval of the relief sought in this proceeding before the firm closing date of April 3, 2022. Accordingly, CEI South is seeking approval of a schedule that will allow for the issuance of an Order consistent with the timeframe established in Ind. Code § 8-1-8.8-11(d) .

11. CEI South further requests confidential treatment of the pricing and other negotiated commercial terms in the BTA, as well as certain other confidential, proprietary and

competitively sensitive information, since that information is properly considered "trade secrets" under Ind. Code § 5-14-3-4(a)(4). A separate motion under 170 IAC 1-1.1-4 is being filed in this Cause to make this request.

12. **Applicable Law.** Petitioner considers the provisions of the Public Service Commission Act, as amended, including Ind. Code §§ 8-1-2-10, -12, and -14, Ind. Code ch. 8-1-8.5 and Ind. Code ch. 8-1-8.8, among others, to be applicable to the subject matter of this proceeding and believes that such statutes provide the Commission authority to approve the requested relief.

13. **Rate Impact.** The estimated total dollar amount cost of the Pike County Solar Project is included in Petitioner's case-in-chief, specifically in the testimony of F. Shane Bradford. The estimated rate impact from the relief sought herein is discussed in the testimony and attachments of Petitioner's Witness Matthew A. Rice.

14. **Petitioner's Counsel.** CEI South's counsel of record, duly authorized to accept service of papers in this Cause are:

P. Jason Stephenson, Atty. No. 21839-49
Heather A. Watts, Atty. No. 35482-82
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Said attorneys and Mathew A. Rice, 211 NW Riverside Drive, Evansville, Indiana 47708, are duly authorized to accept service of papers in this Cause on behalf of the Petitioner.

15. **Procedural Matters.** To facilitate Petitioner's ability to proceed with the Pike County Solar Project and obtain an Order in the timeframe established by Ind. Code § 8-1-8.8-11(d), Petitioner requests that the Commission approve a procedural schedule agreed to by Petitioner and the OUCC and dispense with conducting a prehearing conference. The agreed upon schedule is as follows:

<u>Date</u>	<u>Event</u>
July 29, 2022	<u>Petitioner's Case-in-Chief</u>
September 16, 2022	<u>OUCC's/Intervenors' Case-in-Chief</u>
September 27, 2022	<u>Petitioner's Rebuttal Testimony</u>
October 17, 2022	<u>Evidentiary Hearing</u>
October 21, 2022	<u>Petitioner's Proposed Order</u>
October 28, 2022	<u>OUCC's/Intervenors' Proposed Order</u>
November 4, 2022	<u>Petitioner's Reply</u>

Discovery will be conducted on an informal basis with responses due within ten calendar days until Petitioner files its rebuttal testimony. Thereafter, responses will be due within five business days. Discovery served after noon on Friday or the day preceding a legal holiday will be deemed served the following business day.

WHEREFORE, CEI South respectfully requests that the Commission promptly publish notice, make such investigation and hold hearings as are necessary or advisable and thereafter, make and enter appropriate orders in this Cause:

(a) authorizing CEI South to enter into a BTA and issuing CEI South a CPCN to purchase and acquire the Pike County Solar Project indirectly through the BTA pursuant to Ind. Code ch. 8-1-8.5;

(b) finding the Pike County Solar Project constitutes a clean energy project under Ind. Code ch. 8-1-8.8;

(c) approving associated ratemaking and accounting treatment for the Pike County Solar Project pursuant to Ind. Code § 8-1-8.8-11, including the proposed Levelized Rate;

(d) approving confidential treatment of pricing and other negotiated commercial terms in the BTA, as well as other related confidential information;

(e) approving the procedural schedule agreed to among Petitioner and the OUCC in order to facilitate the issuance of an Order consistent with the timeframe set forth in Ind. Code § 8-1-8.8-11(d); and

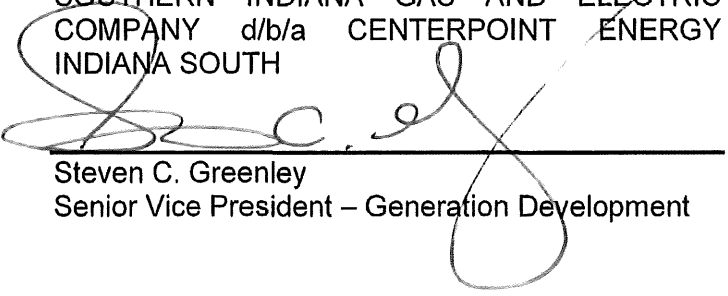
(f) granting to Petitioner such additional and further relief as may be deemed necessary or appropriate.

[signature page follows]

DATED: July 29, 2022

Respectfully submitted,

SOUTHERN INDIANA GAS AND ELECTRIC
COMPANY d/b/a CENTERPOINT ENERGY
INDIANA SOUTH




Steven C. Greenley
Senior Vice President – Generation Development

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing Verified Petition was served via electronic mail transmission to:

Indiana Office of Utility Consumer Counselor
PNC Center
115 West Washington Street, Suite 1500 South
Indianapolis, Indiana 46204
infomgt@oucc.in.gov

DATED: July 29, 2022



Steven W. Krohne