

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF SOUTHERN INDIANA GAS)
AND ELECTRIC COMPANY D/B/A VECTREN)
ENERGY DELIVERY OF INDIANA, INC. FOR)
APPROVAL OF A TARIFF RATE FOR THE)
PROCUREMENT OF EXCESS DISTRIBUTED)
GENERATION PURSUANT TO IND. CODE § 8-) CAUSE NO. 45378
1-40 ET SEQ.)

DIRECT TESTIMONY OF KURT SCHNEIDER ON BEHALF OF INDIANA
DISTRIBUTED ENERGY ALLIANCE

Indiana Distributed Energy Alliance ("Indiana DG") hereby submits the Direct Testimony Kurt Schneider in the above captioned Cause.

IURC
INTERVENOR'S - Indiana DG
EXHIBIT NO. 1
11-17-20 DATE REPORTER

Respectfully submitted,
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DIRECT TESTIMONY OF KURT SCHNIEDER

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

3 A. My name is Kurt Schneider. I am Founding Partner with Nick Melloh of Johnson
4 Melloh Solutions ("JMS"). My business address is 5915 Stockberger Place,
5 Indianapolis, Indiana.

6 **Q. Please describe your educational and business experience.**

7 A. I have a Bachelor of Science from Indiana State University, 1985. From 1986-
8 2009, I was an Energy Efficiency Account Executive in Homes and Building
9 Control at Honeywell International. Since 2009, I have been employed as a
10 Founding V.P./Partner, along with Nick Melloh, at Johnson Melloh Solutions
11 ("JMS"), providing energy efficiency and renewable energy solutions to Indiana.
12 JMS Vertical Markets are comprised of higher education organizations and K-12
13 schools, municipalities, and commercial and industrial customers. JMS owns and
14 operates nine (9) solar assets in Indiana under Bulldog Energy, an LLC owned by
15 JMS. Testifier is the past President and Co-Owner of Indianapolis Airport's 25-
16 megawatt ("MW") Solar Site, the first solar airport canopy in the state of Indiana.
17 JMS developed the first net-zero library in Jennings County. Additionally, JMS
18 has helped develop thirty-nine (39) solar school projects at Sheridan, North
19 Putnam, IN. JMS also developed the first large jail project at Hamilton County
20 Juvenile and Adult Detention Facility. Lastly, JMS started the National Solar
21 Service Management Division.

22 **Q. On whose behalf do you testify in this proceeding?**

23 A. I am testifying on behalf of Indiana Distributed Energy Alliance ("Indiana DG").

1 **Q. What is the purpose of your testimony?**

2 A. My testimony describes JMS business operations, including the material
3 economic benefits and stimulus we bring to Indiana and the Vectren Service area.
4 I also describe the serious adverse impact that Vectren's EDG proposals would
5 have on our business, the reduction of economic stimulus JMS provides Indiana
6 and the harm upon Hoosiers in general. I encourage the Commission to deny
7 Vectren's request.

8 **Q. Have you previously testified before the Commission?**

9 A. No.

10 **JMS Operations**

11 **Q. Please describe JMS operations, including operations in Vectren's service are**
12 **and in Indiana as a whole.**

13 A. Johnson Melloh Solutions is an award-winning energy service company
14 headquartered at 5915 Stockberger Place on the southwest side of Indianapolis,
15 IN. As of early 2019, JMS is part of the Veregy family of companies. Veregy is
16 an award-winning portfolio of energy service companies creating pathways to
17 eco-friendly building and system optimizations with guaranteed energy savings.
18 Veregy consists of six energy service companies: Johnson Melloh Solutions
19 (Indiana), Dynamix Energy Services (Ohio), Dynamix Engineering Services
20 (Ohio), CTS (Missouri), Urban Energy Services (Arizona), and Midstate Energy
21 (Arizona). Working together with other Veregy companies, JMS now operates
22 and performs services in states across the nation. This has allowed JMS
23 opportunities to grow and expand in the field of renewable energy and energy

1 savings, while providing top-notch solutions to clients nationwide. JMS, partnered
2 with the Veregy companies, has the resources to provide solutions to a wide range
3 of markets, including K-12/Higher Education, Airports and Municipalities/Local
4 Government facilities.

5 Veregy employs over 450 professionals with vast experience and
6 backgrounds in energy efficiency expertise. With over 50 engineers on staff, JMS
7 and Veregy have the resources and the dedication to provide long-term value to
8 clients by reducing costs associated with energy consumption. Our team of energy
9 professionals has designed and installed a multitude of energy savings projects
10 across the nation, and Veregy has already provided over \$1.4 billion in energy
11 savings to customers through various successful projects. Named a Top Solar
12 Contractor for 2019, Veregy is now ranked number eight in the nation for solar
13 installations. Here in Indiana, JMS has led the way for solar energy and has been
14 involved in energy savings projects since 2011. The JMS team consists of 45+
15 employees. We designed and installed the 25MW solar farm at the Indianapolis
16 International Airport, and completed Indiana's first solar carports at Evansville
17 Regional Airport in southern Indiana. Recently, Duke Energy selected JMS as an
18 Indiana solar installer and maintenance provider, over hundreds of other
19 applicants. JMS is a qualified provider under I.C. § 36-1-12.5.

1 **Q. Please describe the economic benefits and stimulus that JMS solar**
2 **installation and maintenance business brings to Vectren's service area and to**
3 **Indiana as a whole.**

4 A. JMS employs 45 full time Indiana employees. We also employ electrical and
5 racking contractors, along with many general contractors and engineering
6 resources in rural areas. In 2019 in the Vectren service area JMS did \$6,453,000
7 of solar installation. We used union electricians. In Indiana as a whole, union
8 wages were \$7,070,000, and non- union wages and benefits were \$576,000.

9 In my opinion, solar installation job growth in southern Indiana is
10 particularly beneficial given the declining coal production jobs. Replacement
11 jobs are needed. We should all be encouraging not discouraging growth in solar
12 installation jobs, particularly in coal belt areas.

13 **Q. Beyond jobs, what other economic stimulus does JMS create?**

14 A. Purchases are regularly made for large amounts of solar installation-support
15 supplies and materials in the Vectren Service area, and in Indiana as a whole. In
16 2019, JMS spent \$1.2 million in the Vectren service area and \$7,646,000 in
17 Indiana as a whole for purchases of supplies and materials.

18 **Q. Are there economic ripple effect benefits of JMS wages and purchases?**

19 A. Yes. The money JMS pays worker and the money JMS pays for goods and
20 materials get re-spent or invested here in Indiana. Those dollars are likely to be
21 re-spent by other recipients many times over within Indiana. The more folks
22 make, the more they are likely to spend and stimulate the economy.

23 **Q. Do Indiana governments benefit from JMS's solar installation business?**

1 A. Yes. The money JMS pays its employees, contractors and providers of goods and
2 services all ends up increasing the income tax revenue of Indiana, counties and
3 some cities. Increased income equals increased income taxes. The same is true
4 for sales tax. The money JMS directly spends on purchasing goods in Indiana
5 generates sales tax revues. Subsequent employee and vendor purchases also
6 generate sales tax revenue. The solar installation and maintenance dollars JMS
7 injects into the local and state economy promote purchases by their recipients,
8 thereby increasing sales tax dollars for state and local governments.

9 **Q. Is the solar installation economic stimulus unique to JMS?**

10 A. No, it is not. There are other major solar installers who work in Indiana and in
11 Vectren's service. For example, Performance Services, Inc., is a major solar
12 contractor. My understanding is they employ about 200 workers, and recently did
13 \$13 million in annual business.

14 **Q. What is your estimate of JMS total economic stimulus for 2019?**

15 A. All of the Indiana wages paid, materials and supplies purchased and Indiana and
16 local taxes totals approximately \$16,100,000. The Vectren service area total is
17 \$6,453,000.

18 **Q. How does that total 2019 Vectren Service area economic stimulus of \$6.4**
19 **million compare to the total monetary value of Vectren's 2019 booked DG**
20 **customer credit kWhs?**

21 A. Per Indiana DG witness Mr. Rutter, a reasonable estimate of Vectren's total 2019
22 booked kWh credit value at todays net metering offset rates is approximately
23 \$170,000, and the net of banked credits is about \$54,000. It is my opinion that the

1 many millions of annual dollars of economic stimulus from solar installation
2 companies in the Vectren service area is worth a lot more than the \$170,000 of
3 gross net metering offset and \$54,000 annual of net offset that the EDG would
4 serve to reduce.

5 **Impact of Vectren's Proposed EDG on JMS and Its Customers**

6 **Q How would approval of Vectren's proposals in this Cause impact JMS and**
7 **the economic benefits JMS creates?**

8 A. Vectren's EDG tariff, as proposed, would be very bad for JMS's business and our
9 prospective customers. It would completely undermine the future of JMS's
10 Indiana solar business. As will be detailed by other Intervenor expert witnesses,
11 the proposed EDG rate of 3.1 cents is dreadfully too low to equitably match the
12 real avoided costs that solar offers. Furthermore, Vectren's proposed netting
13 methodology substantially decreases the credit that Vectren customers would
14 receive for EDG payments. The lower the credit customers receive from solar
15 installation, the less likely they are to do business with Indiana solar installers.
16 EDG as proposed would cut JMS's business, because tenable financial paybacks
17 would cease to exist in the Vectren area.

18 **Q. Why is the amount that customers receive from excess solar generation so**
19 **important to the future of the distributed solar business in Indiana?**

20 A. The customer's solar investment payback period is typically of critical importance
21 in their decision to invest in solar installation. Residential and commercial solar

1 installations are not extravagant toys or luxury items that people can justify
2 because of enhanced recreation, status or luxury. Solar DG is an investment in
3 the clean energy supply that typically needs to create enough financial benefits to
4 warrant the customer's investment cost. The double whammy of Vectren's
5 proposal is first they would cut the net metering rate, 14.3 cents residential 9.3
6 cents per kWh commercial, to about to 3.1 cents. Second they would further
7 reduce EDG credits by an "instantaneous" netting methodology. In my opinion,
8 this will drastically reduce or dry up JMS's Indiana solar business in the Vectren
9 service area.

10 **Q. How badly harmed would customer payback be under Vectren's proposal?**

11 A. The customer payback period can vary among different sizes of installations, but
12 typically the payback period would be more than tripled from 7-10 years to about
13 25 years. That will be very bad for JMS's business. Also, Vectren's proposed
14 netting seriously decreases the solar customer savings. The volume of yearly solar
15 business would also drop by about 30 percent, because we would have to base
16 load the systems to prevent solar from producing more than what the consumer
17 uses. On the whole, Vectren's 3.1 cents EDG rate, along with aggressive proposed
18 netting, could eliminate new solar business in the Vectren territory. The financial
19 payback periods would increase dramatically.

20 **Q. You have mentioned both the Vectren service area and Indiana as a whole.**
21 **Should Vectren's proposal cause concern about negative economic and social**
22 **impacts on Indiana as a whole?**

1 A. Yes, it should. Our industry certainly is concerned about the negative impacts on
2 Indiana. Vectren is the first Indiana investor owned utility to file for an EDG rate
3 under the new statute. If Vectren's double whammy approach of deeply slashing
4 the per kWh credit and using a netting process that significantly further decreases
5 the customers' monthly credit is approved, I fear it could become the EDG
6 template for other Indiana IOU electric utilities. If that occurs, Companies like
7 JMS and their future solar installation business activities, along with the economic
8 development growth they spur, would likely shift away from Indiana into nearby
9 jurisdictions that reasonably treat solar DG customers.

10 **Q. What is your opinion of Vectren's treatment of solar customers?**

11 A. I have worked with many utilities in the context of solar installations. My
12 experience leads me to conclude that Vectren should be mindful of the impact the
13 EDG proposal would have on commercial, industrial and residential customers.
14 I believe that we all need to be equitable and fair to each other in business
15 transactions. Vectren's EDG proposal is inequitable and unfair to its customers,
16 the solar installation companies who serve Vectren customers, and Indiana's
17 economic interests at large.

18 **Q. What are your recommendations in this Cause?**

19 A. Vectren's proposed EDG rate and its instantaneous netting proposal are unjust,
20 unreasonable, premature and should not be approved. If the Commission feels
21 compelled to grant some portion of Vectren's requested relief, then the

1 Commission should use its regulatory discretion and expertise to minimize the
2 brutal treatment of solar DG that Vectren has proposed.

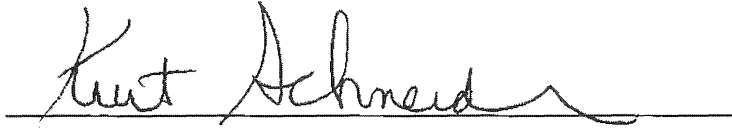
3 **Q. Does this conclude your testimony?**

4 **A. Yes.**

VERIFICATION

I Kurt Schneider affirm under the penalties of perjury that the foregoing Direct

Testimony is to the best of my knowledge and belief true and accurate.

A handwritten signature in cursive script, reading "Kurt Schneider", is written over a horizontal line.

Kurt Schneider

Dated: August 20, 2020

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served upon the following by electronic delivery this 20th day of August 2020, to:

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