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VERIFIED REBUTTAL TESTIMONY OF ROBERT LEE

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

2    A1.    My name is Robert Lee. I am a Vice President of CRA International d/b/a Charles  
3           River Associates, Inc. ("CRA"). My business address is 200 Clarendon Street,  
4           Boston, Massachusetts 02116.

5    **Q2.    On whose behalf are you submitting this rebuttal testimony?**

6    A2.    I am submitting this testimony on behalf of Northern Indiana Public Service  
7           Company LLC ("NIPSCO").

8    **Q3.    Are you the same Robert Lee who previously prefiled direct testimony in this**  
9           **Cause?**

10   A3.    Yes.

11   **Q4.    What is the purpose of your rebuttal testimony in this proceeding?**

12   A4.    The purpose of my rebuttal testimony is to respond to the issues included in the  
13           testimony of Lauren M. Aguilar and Anthony A. Alvarez filed on behalf of the  
14           Indiana Office of Utility Consumer Counselor ("OUCC"). I explain the analysis

1 CRA performed on NIPSCO's behalf in evaluating the Greensboro and Brickyard  
2 Projects as part of the Phase II RFPs, including specifically the evaluation of solar  
3 plus storage technology and the development status of the Greensboro Project.  
4 My rebuttal testimony is limited to a discussion of the issues set out below, and  
5 the failure to address each and every issue in each piece of testimony does not  
6 imply agreement with the positions taken by any party with respect to other  
7 issues.

8 **Q5. Mr. Alvarez seems uncertain about the Greensboro Project and states (at p. 6,**  
9 **lines 11-12) that "solar+battery storage technology is relatively new and**  
10 **untested in Indiana." Do you believe this is a reason to deny approval of the**  
11 **Greensboro PPA?**

12 **A5.** No. Mr. Alvarez is correct that solar plus storage projects are relatively new in  
13 Indiana, but this is not a new or unproven technology. There were 23 bids into the  
14 Phase II RFPs supported by integrated solar plus storage totaling over 4,500 MW  
15 of installed capacity, or ICAP.<sup>1</sup> All or virtually all the solar projects proposed by

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<sup>1</sup> Confidential Attachments 3-C and 3-D to Mr. Lee's direct testimony.

1 NextEra<sup>2</sup> included an option for integrated storage as part of the bid. In the United  
2 States, storage has emerged as a critical technology to help support the increased  
3 penetration of solar capacity by providing a mechanism to manage the daily ramp  
4 in electricity demand and avoid curtailment risks.

5 NIPSCO does want to provide information to the Commission, the OUCC, and  
6 other parties in this proceeding to ensure there is an understanding of the  
7 technology and the power that will be produced and purchased by NIPSCO under  
8 the PPA. But simply because a proven technology is new in Indiana is no reason  
9 to deny approval of NIPSCO's request.

10 **Q6. Ms. Aguilar (at p. 7, lines 13-14) states that NIPSCO did not "show additional**  
11 **research and steps were taken to evaluate the [Solar] Projects beyond what it**  
12 **performed for its Roaming Bison Project PPA filing." Were any adjustments**  
13 **made in the Phase II RFPs and project evaluations as a result of the Roaming**  
14 **Bison Project? If so, please explain those adjustments.**

15 **A6. Yes. CRA and NIPSCO have continuously looked to improve the RFP process. In**

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<sup>2</sup> NextEra is unquestionably an industry leader in the development of solar and storage projects. See NIPSCO Witness Campbell rebuttal testimony, including Attachment 1-R-A, for NextEra's experience in design, construction, and operation of solar and storage projects.

1 the Phase II RFPs, the weightings for certain categories of evaluation were  
2 adjusted. The All-Source RFP awarded projects up to 200 points related to the  
3 Development Risk evaluation category. The points were equally split across the  
4 specific milestones met towards the Commercial-in-Service date and the  
5 experience of the developer in MISO. For Phase II RFPs, CRA increased the points  
6 available for that evaluation category to 250 points, with all of the incremental 50  
7 points assigned to the development milestones element of the scoring. The effect  
8 of this change was to favor existing projects or projects further along the path  
9 towards their commercial operation date.

10 In addition, a greater number of points were awarded in the Phase II RFPs for the  
11 Asset Specific Benefits and Risks evaluation category. The intent of increasing the  
12 awarded points from 100 to 150 was to provide greater flexibility in selecting  
13 projects based on any unique issues related to a given project.

14 **Q7. What is your comfort level with recommending a PPA related to a solar plus**  
15 **storage project?**

16 A7. CRA was very comfortable in recommending a PPA with the Greensboro Project,  
17 and NIPSCO was apparently comfortable entering into such a PPA, otherwise  
18 NIPSCO would not have done so. As discussed in my direct testimony, the Solar

PPAs resulted from the very competitive Phase II RFPs. As part of the Phase II RFPs, CRA performed extensive review and diligence on all submissions and scored each proposal based on development risk, reliability, asset-specific risk, and the estimated levelized cost of energy ("LCOE") per megawatt hour.<sup>3</sup>

With respect to the development risk and asset-specific risk, CRA evaluated projects related to their progress towards their commercial-in-service date, the experience the developer has in MISO, and any unique issues or benefits a given project may have had. The development risk category was very clearly defined. The following five (5) milestones were considered, and points were awarded to projects that achieved one or more of them:

- Executed a pro-forma MISO Service Agreement and Interconnection Construction Services Agreement,
- Completed a MISO Facilities Study,
- Completed a MISO System Impact Study,
- Site control, zoning requirements, and permitting status, and
- Engineering, Procurement, and Construction ("EPC") Contract awarded

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<sup>3</sup> See my direct testimony at Question / Answer 9.

1 In addition, scoring recognized that some developers may have more experience  
2 with developing projects in MISO than others and that experience may mitigate  
3 some development risk even if all milestones have not yet been achieved. As a  
4 result, scoring considered the MWs of developer experience in the region. This  
5 was an area where NextEra was particularly strong given their experience in the  
6 region and across the United States.

7 By design, the asset-specific risks and benefits category of scoring was less  
8 proscriptive since it was intended to provide flexibility on scoring. Given the wide  
9 range of project and the various counterparty issues that can arise in a broad  
10 solicitation like NIPSCO's All-Source and Phase II RFPs, it is critical to include a  
11 mechanism to maintain flexibility. However, the RFP Appendix F identified  
12 certain issues that could be considered through the category, including minority  
13 business enterprise considerations or any material cost or regulatory uncertainty  
14 associated with a specific asset.

15 For solar plus storage projects, CRA evaluated the projects versus standalone solar  
16 based on the project economics and the evaluation criteria outlined in Appendix F  
17 to the RFP. Project economics relied on an LCOE framework, and project risks  
18 were considered through each of the Evaluation Criteria categories. The RFP

1 advanced projects to a final Definitive Agreement Phase, and during that phase a  
2 final determination was made on any optional project aspects like storage  
3 flexibility.

4 **Q8. How were the five (5) milestones discussed above evaluated for the Greensboro**  
5 **Project?**

6 A8. The Greensboro Project was considered to be in advanced development based on  
7 the development milestones met to date. NextEra had achieved four of the five  
8 milestones, with only the awarding of an EPC contract remaining. NextEra  
9 indicated they typically execute EPC agreements fifteen (15) months prior to  
10 construction. In addition, although it was not considered explicitly as an element  
11 of development risk, NextEra intended to "balance sheet finance" the project,  
12 which reduces the risk of development delays versus projects that require outside  
13 funding.

14 **Q9. What did CRA's evaluation of the Greensboro Project ultimately determine?**

15 A9. CRA determined the Greensboro Project was a mature development project and  
16 came with limited development or asset-specific risk. The Greensboro Project had

1 the highest overall score of the RFP bids, which speaks volumes about the project.<sup>4</sup>

2 **Q10. Does this conclude your prefiled rebuttal testimony?**

3 A10. Yes.

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<sup>4</sup> See my direct testimony at Question / Answer 30.

## VERIFICATION

I, Robert Lee, Vice President of Charles River Associates, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.



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Robert Lee

Dated: September 18, 2020