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INDIANA UTILITY  
REGULATORY COMMISSION

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**VERIFIED DIRECT TESTIMONY OF ROSALVA ROBLES**

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

2 A1. My name is Rosalva Robles. I am the Manager of Planning – Regulatory  
3 Support for Northern Indiana Public Service Company LLC (“NIPSCO” or  
4 “Company”). My business address is 801 E. 86th Avenue, Merrillville,  
5 Indiana 46410.

6 **Q2. Please describe your educational and employment background.**

7 A2. I graduated from Purdue University Calumet with a Bachelor of Science in  
8 Accounting and minor in International Business (2004), along with a Master  
9 of Business Administration with an Accounting Concentration (2006). In  
10 addition, in 2016, I began doctorate course work with Indiana Wesleyan  
11 University toward earning my Ph.D. in Organizational Leadership. I began  
12 my employment with NIPSCO in 2012 covering different areas and roles in  
13 which I initially oversaw capital budgets and accruals of various NIPSCO  
14 departments. I later transferred to the Energy Supply & Optimization team  
15 where I was responsible for the electric generation forecast modeling  
16 among other month-end close and regulatory reporting duties. In June

1 2019, I was promoted to my current managerial role and have had  
2 increasing responsibilities over the years, including leading the regulatory  
3 reporting in support of executing NIPSCO's generation strategy. Prior to  
4 joining NIPSCO, I worked in the steel and food manufacturing industries,  
5 where I performed tax, procurement, and accounting functions. As part of  
6 my previous role in the steel industry with supporting state and local taxes,  
7 I became a Level I and Level II Assessor Appraiser certified with the State  
8 of Indiana through the Department of Local Government Finance – my  
9 certification is not active at this time.

10 **Q3. What are your responsibilities as Manager of Planning – Regulatory**  
11 **Support?**

12 A3. As Manager of Planning – Regulatory Support, I am responsible for various  
13 planning, analytical, and support functions for both NIPSCO's electric and  
14 gas portfolios and NIPSCO's Fuel Adjustment Clause ("FAC"), Gas Cost  
15 Adjustment (GCA), Regional Transmission Organization ("RTO")  
16 Adjustment, and Resource Adequacy ("RA") Adjustment proceedings.  
17 This includes oversight responsibilities with generation forecasting and  
18 reporting for NIPSCO's electric assets, coordinating the reporting and

1 forecasting for both internal and external parties and entities, and market  
2 support functions for NIPSCO's market forecasting models.

3 **Q4. Have you previously testified before the Indiana Utility Regulatory**  
4 **Commission ("Commission") or any other regulatory commission?**

5 A4. Yes. Most recently, I testified before the Commission in NIPSCO's requests  
6 for approval and associated cost recovery of a (1) Solar Energy Purchase  
7 Agreement between NIPSCO and Appleseed Solar, LLC dated January 24,  
8 2023, and (2) Wind Energy Purchase Agreement between NIPSCO and  
9 Templeton Wind Energy Center, LLC dated February 13, 2023, both in  
10 Cause No. 45887, and (3) Wind Energy Purchase Agreement between  
11 NIPSCO and Carpenter Wind Farm LLC dated April 13, 2023 in Cause No.  
12 45908. I also previously testified before the Commission in NIPSCO's  
13 request for approval of its 2024 Hedging Plan in Cause No. 38706-FAC-142,  
14 NIPSCO's FAC quarterly filings in Cause No. 38706-FAC-XXX (FAC-126  
15 through FAC-141), and NIPSCO's RA semi-annual adjustment filings in  
16 Cause No. 44155-RA-XX (RA-16 through RA-20, and RA 26).

17 **Q5. What is the purpose of your testimony?**

18 A5. The purpose of my testimony is to describe (1) Midcontinent Independent  
19 System Operator, Inc. ("MISO") and the associated markets, (2) NIPSCO's

1 Generation Transition, (3) Wholesale Purchased Power Agreements, (4)  
2 Joint Venture Build Transfer Agreements ("BTA"), (5) Capacity – MISO  
3 Requirements, Resources, and Costs, (6) available Demand Response  
4 Programs, (7) modifications affecting NIPSCO's RA Adjustment, including  
5 NIPSCO's pro forma adjustment for capacity purchases, (8) NIPSCO's  
6 PROMOD forecast, and (9) how NIPSCO derived expected production for  
7 NIPSCO's four renewable solar facilities.

8 **Q6. Are you sponsoring any attachments to your direct testimony?**

9 A6. Yes. I am sponsoring Confidential Attachment 9-A and Confidential  
10 Attachment 9-B, both of which were prepared by me or under my direction  
11 and supervision.

12 **MISO and Associated Markets**

13 **Q7. Please briefly describe MISO.**

14 A7. MISO is a non-profit, member-based Regional Transmission Organization.  
15 MISO performs the North American Electric Reliability Corporation  
16 ("NERC") roles of Reliability Coordinator and Balancing Authority for  
17 NIPSCO utilizing an extensive network model of the MISO interconnected  
18 reliability region which includes NIPSCO and surrounding systems. MISO  
19 conducts a Planning Resource Auction ("PRA") on an annual basis based

1 on the new seasonal construct: June to August for Summer, September to  
2 November for Fall, December to February for Winter, and March to May  
3 for Spring. PRA is still conducted one time per year, in the Spring before  
4 the applicable Planning Year (June through May) and clears the  
5 requirements for each season. MISO manages one of the world's largest  
6 energy and operating reserves markets using security-constrained  
7 economic dispatch of generation. The MISO Energy and Operating  
8 Reserves Market (the "MISO Market") includes a Day-Ahead Market, a  
9 Real-Time Market, and a Financial Transmission Rights Market. These  
10 markets are operated and settled separately. MISO's charges to provide  
11 services are recovered pursuant to its Federal Energy Regulatory  
12 Commission ("FERC") tariff.

13 **Q8. Please provide a general overview of the MISO Resource Adequacy**  
14 **Process.**

15 A8. As a Load Serving Entity in MISO, NIPSCO is obligated to have sufficient  
16 Capacity Resources to cover its forecasted peak demand plus its Planning  
17 Reserve Margin ("PRM"). Capacity Resources consist of Generation  
18 Resources (electric generating units) and Demand Response Resources  
19 (loads that can be dispatched to reduce demand). MISO calculates the PRM

1 based on its forecast of the peak demand by resource zone considering  
2 planned maintenance or forced outages of generating equipment, deratings  
3 in the capability of Capacity Resources, system effects due to reasonably  
4 anticipated variations in weather, and variations in customer demands or  
5 forecast demand uncertainty. MISO conducts Loss of Load Expectation  
6 studies each year to make an annual determination of what the PRM needs  
7 to attain compliance with NERC reliability standards. If NIPSCO does not  
8 have sufficient Capacity Resources to cover its forecasted peak demand and  
9 PRM, NIPSCO may acquire additional capacity through bilateral  
10 transactions with other Market Participants or by bidding on capacity in  
11 MISO's annual PRA. If NIPSCO does have sufficient Capacity Resources  
12 to cover its forecasted peak demand and PRM, NIPSCO may sell its  
13 additional capacity through bilateral transactions with other Market  
14 Participants or may offer its additional capacity in MISO's annual PRA.

15 **Q9. Please provide a general overview of NIPSCO's participation in the**  
16 **MISO Market.**

17 A9. NIPSCO offers the electricity produced by its generation facilities and buys  
18 the electricity necessary to serve its retail customers from the MISO Market  
19 on a day-ahead and real-time basis. The Day-Ahead Market is a forward

1 market in which energy and operating reserves are cleared on a  
2 simultaneously co-optimized basis for each hour of the next operating day  
3 using Security-Constrained Unit Commitment and Security-Constrained  
4 Economic Dispatch ("SCED") computer programs to satisfy the energy  
5 demand bids and operating reserve requirements of the day-ahead energy  
6 and operating reserve market. The results of the day-ahead energy and  
7 operating reserve market clearing include hourly locational marginal price  
8 ("LMP") values for energy demand and supply, hourly market clearing  
9 price ("MCP") values for regulating reserve, spinning reserve and  
10 supplemental reserve supply, hourly energy demand schedules, hourly  
11 energy supply schedules for each resource, and hourly regulating reserve,  
12 spinning reserve and supplemental reserve supply schedules for each  
13 qualified resource. The Real-Time Market is a physical market in which  
14 energy and operating reserve are cleared on a simultaneously co-optimized  
15 basis every five minutes using SCED to satisfy the forecasted energy  
16 demand and operating reserve requirements of the real-time market based  
17 on actual system operating conditions, as described by MISO's state  
18 estimator. The results of the real-time market clearing include five-minute  
19 ex-ante LMPs for energy demand and supply, five-minute ex-ante MCP

1 values for regulating reserve, spinning reserve, and supplemental reserve  
2 supply, and five-minute dispatch targets for each resource for energy,  
3 regulatory reserve, spinning reserve, and supplemental reserve. The real-  
4 time market dispatch is supported by a Reliability Assessment  
5 Commitment process to ensure sufficient capacity is online to meet real-  
6 time operating conditions.

7 **Q10. What are the benefits of participating in the MISO Market?**

8 A10. The MISO Market gives all participants open access to the transmission  
9 system and all available resources are centrally dispatched using  
10 simultaneous co-optimization. MISO provides a transparent and liquid  
11 energy market across its entire footprint. Furthermore, ongoing  
12 coordination between MISO and adjacent independent system operator  
13 systems increases grid reliability and makes it possible to regionally  
14 coordinate transmission expansion. The MISO Market allows NIPSCO to  
15 make economic purchases from the open market when NIPSCO's cost of  
16 generation is higher with the benefits flowing directly to its customers. In  
17 addition, the MISO Market provides an opportunity to reduce the overall  
18 amount of reserves being held by Market Participants thereby further  
19 reducing the cost of providing those reserves to customers.



1 **Q11. What are the costs of participating in MISO?**

2 A11. Charges from MISO are presented to NIPSCO on settlement statements.  
3 Settlement statements include charges/credits resulting from NIPSCO's  
4 participation in the Resource Adequacy Process and the MISO Market.  
5 Revenues from NIPSCO generation are netted against charges/credits to  
6 NIPSCO load. Settlement statement charges from MISO are categorized by  
7 NIPSCO as fuel and non-fuel.

8 **Q12. Please describe the MISO-related costs incurred by NIPSCO.**

9 A12. NIPSCO's MISO-related costs can be grouped into three categories: (1) non-  
10 fuel charges assessed by MISO pursuant to its tariff that has been accepted  
11 for filing by FERC;<sup>1</sup> (2) fuel-related costs incurred due to participation in  
12 MISO pursuant to its tariff that has been accepted for filing by FERC;<sup>2</sup> and  
13 (3) transmission costs assessed through Attachment FF and other  
14 transmission costs pursuant to rate schedules that have been accepted for  
15 filing by FERC. NIPSCO's MISO-related costs are generally recovered  
16 through its RA Adjustment and RTO Adjustment semi-annual filings.

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<sup>1</sup> See IURC Order dated June 1, 2005, in Cause No. 42685 ("42685 Order") and IURC Order dated June 30, 2009, in Cause No. 43426 ("43426 Order").

<sup>2</sup> See 42685 Order and 43426 Order.

1 **Generation Transition**

2 **Q13. Is NIPSCO continuing its generation transition as set forth in its**  
3 **Integrated Resource Plans submitted in 2018 and 2021 to the**  
4 **Commission?**

5 A13. Yes. NIPSCO continues to diversify its resources as it retires its coal fired  
6 generation to include wind, solar, storage, flexible thermal generation  
7 resources/emerging technologies, and market purchases/capacity.

8 **Q14. What is the status of NIPSCO's coal retirements?**

9 A14. Units 14 and 15 at NIPSCO's R.M. Schahfer Generating Station ("Schahfer")  
10 were retired in October 2021. Schahfer Units 17 and 18 will retire at the end  
11 of the Forward Test Year (December 31, 2025). Unit 12 at Michigan City  
12 Generating Station is planned to retire at the end of 2028.

13 **Q15. Please describe NIPSCO's renewable portfolio from which NIPSCO is or**  
14 **will be receiving power and recovering fuel costs by the end of the**  
15 **Forward Test Year (December 31, 2025).**

16 A15. NIPSCO has a balanced and diverse mix of renewable generating resources,  
17 including wind, solar, and solar plus battery facilities through wholesale  
18 purchase power agreements ("PPAs"), joint ventures with a tax equity

1 partner through Build Transfer Agreements (“BTA”), and wholly owned  
2 solar facilities, as follows:<sup>3</sup>

3 **Wholesale PPAs**

- 4 • Jordan Creek Wind (approved in Cause No. 45195): Wind Energy  
5 Purchase Agreement between NIPSCO and Jordan Creek Wind  
6 Farm LLC dated January 3, 2019, with an installed capacity of  
7 approximately 400 MW nameplate capacity for a term of 20 years.  
8 NIPSCO began receiving power and recovering costs associated  
9 with the Jordan Creek Wind PPA on December 2, 2020.
  
- 10 • Indiana Crossroads Wind II (approved in Cause No. 45541): Wind  
11 Energy Purchase Agreement between NIPSCO and Indiana  
12 Crossroads Wind II LLC dated February 19, 2021, with an installed  
13 capacity of approximately 200 MW nameplate capacity for a term of  
14 15 years. NIPSCO began receiving power and recovering costs  
15 associated with the Crossroads Wind II PPA on December 22, 2023.
  
- 16 • Green River Solar (approved in Cause No. 45472): Amended and  
17 Restated Solar Energy Purchase Agreement between NIPSCO and  
18 Green River Solar, LLC dated December 23, 2020, with an installed  
19 capacity of approximately 200 MW nameplate capacity for a term of  
20 20 years. NIPSCO anticipates receiving power and recovering costs  
21 associated with the Green River Solar PPA in Quarter 2, 2025.
  
- 22 • Appleseed Solar (approved in Cause No. 45887): Solar Energy  
23 Purchase Agreement between NIPSCO and Appleseed Solar, LLC  
24 dated January 24, 2023, with an installed capacity of approximately  
25 200 MW nameplate capacity for a term of 20 years. NIPSCO  
26 anticipates receiving power and recovering costs associated with the

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<sup>3</sup> Templeton Wind (approved in a September 13, 2023 Order in Cause No. 45887): Wind Energy Purchase Agreement between NIPSCO and Templeton Wind Energy Center, LLC dated February 13, 2023, with an installed capacity of approximately 200 MW nameplate capacity for a term of 20 years. NIPSCO anticipates receiving power and recovering costs associated with the Templeton Wind PPA after the end of the Forward Test Year.

1           Appleseed Solar PPA by the end of 2025.

- 2           •     Carpenter Wind (approved in Cause No. 45908): Wind Energy  
3           Purchase Agreement between NIPSCO and Carpenter Wind Farm  
4           LLC dated April 13, 2023, with an installed capacity of  
5           approximately 200 MW nameplate capacity for a term of 15 years.  
6           NIPSCO anticipates receiving power and recovering costs associated  
7           with the Carpenter Wind PPA by the end of 2025.

8           **Joint Venture BTAs**

- 9           •     Rosewater Wind (approved in Cause No. 45194): Wind Energy  
10          Purchase Agreement between NIPSCO and Rosewater Wind Farm  
11          LLC dated January 22, 2019, with an aggregate nameplate capacity  
12          of approximately 102 MW for a term of 15 years. NIPSCO began  
13          receiving power and recovering costs associated with the Rosewater  
14          PPA on November 20, 2020.

- 15          •     Indiana Crossroads Wind (approved in Cause No. 45310, as  
16          modified in Cause No. 45463): Wind Energy Purchase  
17          Agreement/Contract for Differences between NIPSCO and Indiana  
18          Crossroads Wind Farm LLC dated October 21, 2019, with an  
19          aggregate nameplate capacity of approximately 302 MW for a term  
20          of 15 years. NIPSCO began receiving power and recovering costs  
21          associated with the Indiana Crossroads PPA on December 17, 2021.

- 22          •     Indiana Crossroads Solar (approved in Cause No. 45524): Solar  
23          Generation Energy Contract for Differences between NIPSCO and  
24          Meadow Lake Solar Park LLC (d/b/a Indiana Crossroads Solar Park)  
25          dated July 28, 2021, with an aggregate nameplate capacity of  
26          approximately 200 MW for a term of 15 years. NIPSCO began  
27          receiving power and recovering costs associated with the Crossroads  
28          Solar CFD on August 9, 2023.

- 29          •     Dunn's Bridge I Solar (approved in Cause No. 45462): Solar  
30          Generation and Energy BTA Energy Contract for Differences  
31          between NIPSCO and Dunn's Bridge Solar Center, LLC dated May  
32          5, 2021, with an aggregate nameplate capacity of approximately 265  
33          MW solar for a term of 15 years. NIPSCO began receiving power  
34          and recovering costs associated with the Bridge I Solar CFD on

1 August 4, 2023.

2 **Wholly Owned Solar Facilities**

3 • Cavalry Solar Plus Storage (originally approved in Cause No. 45462,  
4 modification approving wholly owned structure in Cause No. 45936)  
5 has an aggregate nameplate capacity of approximately 200 MW solar  
6 plus 60 MW energy storage. Cavalry Solar Plus Storage began  
7 receiving power on May 24, 2024 and is included in rate base in this  
8 proceeding.

9 • Dunn's Bridge II Solar Plus Storage (originally approved in Cause  
10 No. 45462, modification approving wholly owned structure in Cause  
11 No. 45936) has an aggregate nameplate capacity of approximately  
12 435 MW solar plus 75 MW energy storage. NIPSCO anticipates  
13 receiving power in Quarter 1, 2025 and is included in rate base in this  
14 proceeding.

15 • Fairbanks Solar (originally approved in Cause No. 45511,  
16 modification approving wholly owned structure in Cause No. 46028)  
17 has an aggregate nameplate capacity of approximately 250 MW.  
18 NIPSCO anticipates receiving power in Quarter 2, 2025 and is  
19 included in rate base in this proceeding.

20 • Gibson Solar (originally approved in Cause No. 45926, modification  
21 approving wholly owned structure in Cause No. 46032) has an  
22 aggregate nameplate capacity of approximately 200 MW. NIPSCO  
23 anticipates receiving power in Quarter 3, 2025 and is included in rate  
24 base in this proceeding.

25 **Customer Benefits Associated with NIPSCO's Generation Transition**

26 **Q16. Please describe the customer benefits associated with NIPSCO's in-**  
27 **service wind and solar projects.**

28 A16. Benefits associated with NIPSCO's transition from coal-fired generation to  
29 renewable resources have already begun to flow to NIPSCO customers. To

1 date, NIPSCO retired Schahfer Units 14 and 15 in October of 2021, brought  
2 four wind generation projects online – Jordan Creek, Rosewater,  
3 Crossroads Wind, and Crossroads Wind II, and brought two solar and one  
4 solar plus storage generation projects online – Dunns Bridge I Solar,  
5 Crossroads Solar, and Cavalry Solar Plus Storage. NIPSCO also expects to  
6 bring Dunns Bridge II Solar Plus Storage, Fairbanks Solar, and Gibson  
7 Solar, online by the end of the Forward Test Year.

8 NIPSCO currently reflects the following from the in-service wind and solar  
9 projects in its FAC proceedings: (1) renewable energy credits (“RECs”) sold  
10 by NIPSCO with the return of all proceeds to customers as a credit on a  
11 dollar-for-dollar basis,<sup>4</sup> (2) in periods where there has been more energy  
12 produced from the facilities than is needed to meet NIPSCO’s load, the  
13 excess energy is sold by NIPSCO into the MISO Market with the return of  
14 net proceeds (or margins) to customers through the off-system sales  
15 adjustment, and (3) after an appropriate level of reserves or contingency  
16 builds up associated with its joint venture renewable projects, NIPSCO

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<sup>4</sup> As of this filing, NIPSCO receives or will receive RECs associated with the power it purchases from Jordan Creek Wind, Rosewater Wind, Indiana Crossroads Wind, Indiana Crossroads Wind II, Dunn’s Bridge I Solar, Indiana Crossroads Solar, and Cavalry Solar. NIPSCO also expects to receive these same benefits from Carpenter Wind, Dunn’s Bridge II Solar, Gibson Solar, Fairbanks Solar and Appleseed Solar before the end of the Forward Test Year.

1 returns cash distributions in excess of operating costs to customers.  
2 Through June 2024, NIPSCO has credited to the FAC a total of  
3 approximately \$86 million related to REC sales, off-system sales  
4 adjustment, and cash distributions in excess of operating costs.

5 **Q17. Is NIPSCO proposing to include customer benefits associated with**  
6 **federal tax credits in its base rates and its FAC?**

7 A17. Yes. Four of NIPSCO's renewable facilities – Cavalry, Dunns Bridge II,  
8 Gibson, and Fairbanks – are eligible for Production Tax Credits ("PTC"),  
9 and the battery storage facilities at Cavalry and Dunns Bridge II are eligible  
10 for Investment Tax Credits ("ITC"). As described by NIPSCO Witness Bass,  
11 NIPSCO is authorized to pass back through the FAC the benefits of the ITC  
12 on the battery storage facilities and the PTCs generated by each facility to  
13 customers over a 10-year period beginning the year after the facility is  
14 placed in service.<sup>5</sup>

15 As further discussed by NIPSCO Witness Bass, in this proceeding, NIPSCO  
16 is proposing a reduction to base cost of fuel based on (1) a conservative  
17 estimate of ITC from the battery storage facilities at Cavalry and Dunn's

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<sup>5</sup> The federal tax credits associated with NIPSCO's renewable projects reduce their overall cost, which is also a direct benefit to NIPSCO's customers.

1 Bridge II and (2) a conservative estimate of PTC that will be generated in  
2 2025 by the solar assets at Cavalry, Dunn's Bridge II, Gibson, and  
3 Fairbanks.<sup>6</sup>

4 To estimate the 2025 PTC benefit, I utilized each developer's estimated  
5 annual hourly generation based on in-service dates to calculate the  
6 projected production from the Cavalry, Dunn's Bridge II, Gibson, and  
7 Fairbanks solar facilities. NIPSCO Witness Bass used this projected  
8 production to calculate an annual value of PTCs associated with these four  
9 solar facilities. See Petitioner's Exhibit No. 14, Attachment 14-D. NIPSCO  
10 Witness Lash then used the annual value of PTCs to calculate a reduction  
11 in NIPSCO's forecasted annual revenue requirement. NIPSCO Witness  
12 Bass discusses NIPSCO's ITC and how it is incorporated into the tax credits  
13 that are reflected in NIPSCO's base cost of fuel.

14 **Q18. Please explain the estimated amount of customer benefits associated with**  
15 **NIPSCO's renewable facilities to be reflected in NIPSCO's FAC**  
16 **proceedings.**

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<sup>6</sup> 100% of the 2024 ITC from the battery storage facilities at Cavalry and Dunn's Bridge II will be passed back through the FAC as will 100% of the 2024 PTC generated by the Cavalry and Dunn's Bridge II solar assets.



1 A18. As shown in Confidential Attachment 9-A, with the implementation of Step  
2 One Rates,<sup>7</sup> NIPSCO's current estimate of the benefits to customers  
3 associated with NIPSCO's renewable facilities to be reflected in the FAC  
4 proceedings is projected to be approximately \$56 million related to (1) REC  
5 sales, (2) off-system sales adjustment, and (3) cash distributions in excess of  
6 operating costs.

7 As shown in Confidential Attachment 9-B, with the implementation of Step  
8 Two Rates,<sup>8</sup> NIPSCO's current estimate of the benefits to customers  
9 associated with NIPSCO's renewable facilities to be reflected in the FAC  
10 proceedings is projected to be approximately \$50 million related to (1) REC  
11 sales, (2) off-system sales adjustment, and (3) cash distributions in excess of  
12 operating costs.

13 The total estimated amount of these customer benefits for the annualized  
14 Forward Test Year is based on certain assumptions, subject to variability  
15 based on actual market conditions and generation asset performance.

16 Additionally, while not captured in Confidential Attachment 9-A nor

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<sup>7</sup> With the implementation of Step One Rates, the estimate of the benefits to customers related to off-system sales adjustment will be calculated including Schahfer Units 17 and 18.

<sup>8</sup> With the implementation of Step Two Rates, the estimate of the benefits to customers related to off-system sales adjustment will be calculated excluding Schahfer Units 17 and 18.

1        Confidential Attachment 9-B, NIPSCO is including the customer benefits  
2        associated with the federal ITCs and PTCs as discussed further by NIPSCO  
3        Witness Lash.

4        **Q19. How are the value of these benefits treated by NIPSCO?**

5        A19. While actual amounts for each of the customer benefits reflected in the FAC  
6        proceedings could increase or decrease over time, each credit is passed back  
7        to customers through the FAC on a dollar-for-dollar basis. The total  
8        annualized customer benefits for the Forward Test Year are reflected in  
9        NIPSCO's Fuel and Purchased Power calculation presented in this case, as  
10       discussed further by NIPSCO Witness Lash.

11       **Capacity – MISO Requirements, Resources, Costs**

12       **Q20. Please describe MISO's current capacity market.**

13       A20. MISO's Resource Adequacy construct ensures that adequate capacity is  
14       maintained for each of the MISO-developed Local Resource Zones to meet  
15       the PRMR for the MISO footprint. NIPSCO's PRMR obligations will be  
16       fixed for the Planning Year and NIPSCO is required to have at least as many  
17       Zonal Resource Credits as its forecasted peak demand at the time of the  
18       MISO system peak plus the PRM in the zone in which NIPSCO serves load.  
19       NIPSCO can meet its PRMR by: (1) Self-Scheduling, (2) Fixed Resource

1 Adequacy Plan, (3) Participating in the PRA, or (4) Paying the Capacity  
2 Deficiency Charge.

3 **Q21. How does NIPSCO participate in the MISO capacity market?**

4 A21. NIPSCO meets its PRMR obligations under MISO's process by self-  
5 scheduling its resources<sup>9</sup> in the PRA up to its PRMR, wherein NIPSCO's  
6 forecasted peak demand at the time of the MISO system peak plus its PRMR  
7 is netted against NIPSCO's identified supply-side generation and  
8 registered demand-side assets (e.g., under Rate 531). Any proceeds from  
9 the sale of excess capacity sold bi-laterally or through MISO's PRA are  
10 credited within NIPSCO's RA Adjustment tracker. When NIPSCO  
11 purchases capacity to meet its resource adequacy obligations either bi-  
12 laterally or through MISO's PRA, those costs are recovered through  
13 NIPSCO's RA Adjustment tracker.

14 **Demand Response Programs**

15 **Q22. Please describe NIPSCO's existing Demand Response programs.**

16 A22. NIPSCO currently has three Demand Response programs: (1) options  
17 within NIPSCO's Rate 531 whereby large industrial customers qualify as a

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<sup>9</sup> This includes resources that NIPSCO owns and those it has contracted for.

1 Load Modifying Resource ("LMR"), (2) a Demand Response Resource  
2 offering under Rider 581 allowing industrial customers the opportunity to  
3 offer a load reduction into the MISO Market as energy, and (3) an  
4 Emergency Demand Response Resource offering under Rider 582 allowing  
5 industrial customers the opportunity to offer a load reduction into the  
6 MISO Market as energy for use only during emergency operations.

7 **Q23. Do these Demand Response programs qualify as Demand Response**  
8 **programs for purposes of MISO's Tariff Module E-1?**

9 A23. Options within NIPSCO's Rate 531 qualify as an LMR under MISO's Tariff  
10 Module E-1. This allows NIPSCO to receive Zonal Resource Credits for use  
11 against its PRM obligation. Under Riders 581 and 582, NIPSCO offers  
12 energy only Demand Response Resource and Emergency Demand  
13 Response Resource. These demand response programs do not qualify  
14 under MISO's Tariff Module E-1 because they are energy only and do not  
15 have the "must offer" obligation required to be awarded Zonal Resource  
16 Credits.

17 **Modifications Affecting NIPSCO's RA Adjustment**

18 **Q24. Please describe NIPSCO's RA Adjustment.**

1 A24. The Commission's August 25, 2010, Final Order in Cause No. 43526 (the  
2 "43526 Order") approved a purchase capacity cost recovery mechanism  
3 through which NIPSCO's prudently incurred capacity costs should be  
4 recovered. 43526 Order at 94.

5 The Commission's December 21, 2011, Final Order in Cause No. 43969 (the  
6 "43969 Order") approved the implementation of the RA Adjustment  
7 approved in the 43526 Order by approving NIPSCO's Rider 674 –  
8 Adjustment of Charges for Resource Adequacy and NIPSCO's Appendix F  
9 – Resource Adequacy Adjustment Factor. 43969 Order at 69-70. The 43969  
10 Order specified that the RA Adjustment will be a semi-annual mechanism  
11 coordinated with the FAC audit process. The 43969 Order specified that  
12 the RA Adjustment will recover prudently incurred capacity costs and  
13 seventy-five percent (75%) of costs associated with any credits paid as a  
14 result of Rider 675 – Interruptible Industrial Service Rider. 43969 Order at  
15 69. The 43969 Order also specified that due to the lag between payment  
16 and recovery of credits, the actual amount of credits paid will be deferred  
17 in a balance sheet account until they are recovered in the RA Adjustment,  
18 or in the case of the 25% portion, in the FAC. 43969 Order at 70. NIPSCO  
19 updates its RA Adjustment factors semi-annually in Cause No. 44155-RA-

1 XX. The Commission's July 18, 2016, Order in Cause No. 44688 ("44688  
2 Order") approved the demand allocators for the RA Adjustment (Joint  
3 Exhibit C to the Settlement), which were modified to reflect the amount of  
4 interruptible loads contained in Rates 732, 733, and 734.

5 The Commission's December 4, 2019, Order in Cause No. 45159 approved,  
6 among other things, the removal of all embedded capacity costs and/or  
7 credits from base rates and the recovery of capacity costs as a charge/credit  
8 to customers through the RA Adjustment.

9 The Commission's August 2, 2023 Order in Cause No. 45772 (the "45772  
10 Order") approved, among other things, NIPSCO's proposal to include \$22.4  
11 million of capacity charges in base rates with any additional capacity costs  
12 or credits flowing through the RA Adjustment.

13 **Q25. Is NIPSCO proposing any changes to its RA Adjustment in this**  
14 **proceeding?**

15 A25. Yes. In this proceeding, NIPSCO is proposing to reduce the amount of  
16 capacity charges in base rates from \$22.4 million to \$16 million with any  
17 additional capacity costs or credits flowing through the RA Adjustment.

1 **Q26. How did NIPSCO determine the \$16 million of capacity charges to**  
2 **include in base rates?**

3 A26. NIPSCO performed a historical analysis based on capacity prices for the  
4 most recent MISO Planning Years (2023–2024, 2024–2025, and 2025-2026) in  
5 which a 3-year, volume-weighted average price was used to calculate a  
6 \$/MW-day charge.

7 **Q27. Is it possible that NIPSCO's total capacity charges could exceed the \$16**  
8 **million of capacity charges per year?**

9 A27. Yes. As noted above, NIPSCO utilized a 3-year, volume-weighted price to  
10 calculate the amount proposed for inclusion in base rates. However, 2025-  
11 2026 capacity pricing has been higher than in prior years. If this continues,  
12 total capacity charges could exceed the \$16 million, with the additional  
13 capacity charges flowing through the RA Adjustment.

14 **Q28. Please provide a summary of the OM 2 Capacity Purchases adjustment**  
15 **shown on Petitioner's Exhibit No. 3, Attachment 3-C-S2.**

16 A28. The OM 2 Capacity Purchases Adjustment is to increase Forward Test Year  
17 electric operating expenses in the amount of \$16,043,914 to reflect the total  
18 amount of non-trackable capacity purchases that NIPSCO is seeking to

1 recover in base rates. If this adjustment is not included, the Forward Test  
2 Year electric operating expenses would be understated.

3 **NIPSCO's PROMOD Forecast**

4 **Q29. What is PROMOD?**

5 A29. PROMOD is a software package that simulates the operation of an electric  
6 utility power system. It is a comprehensive production costing model that  
7 utilizes Monte Carlo simulation for projecting future operating costs.  
8 NIPSCO's use of the PROMOD model is consistent with its approach when  
9 estimating fuel and purchased power costs as determined in its electric FAC  
10 filings whereby the dispatch and performance of NIPSCO's generating  
11 units are forecasted in a future MISO Market. The dispatch and  
12 performance of the generating units is shared with the broader NIPSCO  
13 organization for the formation of forecasted generation consumables and  
14 by-products such as chemicals for environmental controls, fly ash,  
15 consumables, and gypsum.

16 **Q30. How was PROMOD used in this case?**

17 A30. As further discussed by NIPSCO Witness Lash, in this case, NIPSCO used  
18 the PROMOD model in the calculation of (1) the fuel and purchased power  
19 expense, (2) production fuel, and (3) components of the revenue



1 requirement related to variable operating expenses associated with  
2 NIPSCO's generation for the end of the Forward Test Year (December 31,  
3 2025), including Schahfer Units 17 and 18, to be used in the calculation of  
4 the revenue requirement for Step One rates. NIPSCO also used the  
5 PROMOD model in the calculation of (1) the fuel and purchased power  
6 expense, (2) production fuel, and (3) components of the revenue  
7 requirement related to variable operating expenses associated with  
8 NIPSCO's generation at December 31, 2025, excluding Schahfer Units 17  
9 and 18, to be used in the calculation of the revenue requirement for Step  
10 Two rates.

11 **Q31. Does this conclude your prefiled direct testimony?**

12 A31. Yes.

VERIFICATION

I, Rosalva Robles, Manager of Planning – Regulatory Support for Northern Indiana Public Service Company LLC, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

Rosalva Robles

Rosalva Robles Dated:

Dated: September 12, 2024



