

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

IURC CAUSE NO. 45600

FILED
August 25, 2021
**INDIANA UTILITY
REGULATORY COMMISSION**

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

ON

**OVERVIEW OF PETITIONER'S GENERATION TRANSITION PLAN AND PROPOSED
RENEWABLE POWER PURCHASE AGREEMENTS**

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

DIRECT TESTIMONY OF STEVEN C. GREENLEY

I. INTRODUCTION

Q. Please state your name and business address.

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

Q. By whom are you employed?

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

Q. On whose behalf are you submitting this direct testimony?

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

Q. What is your role with respect to the Petitioner?

A. I am the Senior Vice President of Generation Development for CenterPoint Energy, Inc.

Q. Please describe your educational background.

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

Q. Please describe your professional background.

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

1 **Q. What are your present duties and responsibilities as Senior Vice President of**
2 **Generation Development?**

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

10 **Q. Have you previously testified before the Indiana Utility Regulatory Commission (the**
11 **"Commission") or other public utility commission?**

12 A. Yes. I provided testimony before the Commission in Cause No. 45501 in support for
13 Petitioner's request for: (i) a certificate of public convenience and necessity ("CPCN") to
14 purchase and acquire, indirectly through a Build Transfer Agreement ("BTA"), a solar
15 facility in Posey County, Indiana; and (ii) authorizing CenterPoint Indiana South to enter
16 into a Power Purchase Agreement ("PPA") to purchase energy and capacity from a 100
17 megawatts alternating current ("MWac") solar project in Warrick County. In addition, I
18 provided testimony before the Commission in Cause No. 45564 in support of CenterPoint
19 Indiana South's request for a CPCN to construct two natural gas combustion turbines
20 providing approximately 460 MW of capacity. I also provided written and oral testimony on
21 behalf of CenterPoint Energy, Inc. before the Public Utility Commission of Texas in Docket
22 Nos. 45747, 47032, and 48226, and before the Railroad Commission of Texas in its Gas
23 Utilities Docket No. 10182.

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

28 **Q. What is the purpose of your testimony in this proceeding?**

29 A. My testimony provides an overview of CenterPoint Indiana South's Generation Transition
30 Plan (the "Plan") and its request to diversify its generation portfolio with the addition of
31 energy purchased pursuant to two solar PPAs and summarizes the benefits of adding this
32 solar energy to the Company's existing portfolio of generation assets. Specifically, I
33 support CenterPoint Indiana South's request for an Order in this Cause authorizing

Petitioner to: (1) enter into a PPA with Oriden LLC affiliate, Vermillion Rise Solar LLC ("Oriden"), to purchase energy, capacity, and Renewable Energy Credits ("RECs") from a 185 megawatt alternating current ("MWac") solar project in Vermillion County, Indiana (the "Vermillion County Solar Project" or "Vermillion Project") over a 15-year term; and (2) enter into a PPA with Origis Energy affiliate, IN Solar 1, LLC ("Origis"), to purchase energy, capacity, and RECs from a 150 MWac solar project in Knox County, Indiana (the "Knox County Solar Project" or "Knox Project") over a 20-year term. In addition to the broad overview of the Plan and the proposed PPAs, my testimony provides references to the other witnesses who provide more in-depth discussion of the topics.

Q. Are you sponsoring any attachments in this proceeding?

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

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

Q. Was this attachment prepared by you or under your direction?

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

Q. Please briefly introduce the other witnesses testifying on behalf of Petitioner.

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

Mr. Roland A. Rosario, Market Development Manager, provides an overview of CenterPoint Indiana South's Request for Proposals ("RFP") process and resulting decision to pursue entering into PPAs with Oriden and Origis. Mr. Rosario also describes the terms of the two PPAs, including the negotiated pricing provisions, and the impact the PPAs will have on CenterPoint Indiana South's Midcontinent Independent System Operator ("MISO") Planning Reserve Margin Requirement ("PRMR").

Mr. Matthew A. Rice, Director of Indiana Electric Rates and Regulatory, describes the analysis and results of the Company's 2019/2020 IRP, including the process leading to its development; discusses the benefits of the Preferred Portfolio; provides an overview of the draft Director's Report issued April 12, 2021; summarizes why the proposed Solar PPA Projects are an integral part of the Preferred Portfolio and consistent with Indiana's 21st Century Energy Policy Development Task Force; describes the Company's proposal

1 to recover the costs of the Oriden and Origis PPAs through the Fuel Adjustment Clause
2 ("FAC"); and explains how customer rates will be impacted by the two projects.

3
4 Mr. Brett A. Jerasa, Assistant Treasurer, describes Petitioner's current credit ratings,
5 rating agency treatment of PPAs, and the potential impact of proposed PPAs on
6 Petitioner's credit metrics.

7
8 Ms. Kara R. Gostenhofer, Director & Assistant Controller, supports certain accounting
9 aspects of the proposed PPAs, including explaining why the PPAs do not qualify as leases
10 and supports the accounting means for recovery of costs incurred in entering into the
11 PPAs.

12
13 Ms. Rina H. Harris, Director, Energy Solutions and Business Services, explains the
14 increased importance of renewable energy to large customers and other customer
15 classes. In addition, Ms. Harris describes how the procurement of renewable energy
16 through PPAs meets customer expectations.

17
18
19 **III. COMPANY DESCRIPTION**

20
21 **Q. Please describe Petitioner's corporate structure.**

22 A. Petitioner renders electric utility service to approximately 145,000 customers in seven
23 counties in southwestern Indiana. Petitioner's ultimate parent company – CenterPoint
24 Energy, Inc. – is a company with more than six million metered gas and electric customers
25 and a long history of utility service. Additional information concerning CenterPoint Energy,
26 Inc. and its affiliates is available in the 2020 Annual Report and SEC Form 10-K filing
27 submitted on behalf of CenterPoint Energy, Inc., each of which can be found at
28 CenterPointEnergy.com.

29
30
31 **IV. OVERVIEW OF THE COMPANY'S GENERATION TRANSITION PLAN**

32
33 **Q. Please provide an overview of CenterPoint Indiana South's Generation Transition**

Plan (the “Plan”).

- A. CenterPoint Indiana South is facing relatively near-term decisions about investments in its generation portfolio and is investing in a diversified generation portfolio consisting of wind, solar, storage, natural gas, and coal generation resources. CenterPoint Indiana South has begun making filings to implement this Plan. With Cause Nos. 45501 and 45564, which CenterPoint Indiana South filed in February and June of 2021, respectively, CenterPoint Indiana South took important steps to implement the Plan. This proceeding represents the next step in the Plan.

Q. Please provide an overview of CenterPoint Indiana 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 limited ownership of renewables. 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 (which was placed in-service in January 2021).

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. How will the relief requested in Cause No. 45501 impact CenterPoint Indiana South's existing generation resources?

A. The relief sought in Cause No. 45501 was the first step in CenterPoint Indiana South's Generation Transition Plan. Assuming the relief requested in Cause No. 45501 is granted, CenterPoint Indiana South would add an approximately 300 MWac solar facility in Posey County, Indiana, to its generation portfolio as well as purchase energy and capacity from a 100 MW solar project in Warrick County, Indiana, during the second half of 2023 (hereinafter the "45501 Solar Projects"). The addition of those two projects, which represent a combined 400 MW of capacity, are anticipated to replace a portion of the 240 MWs of capacity (shown on the above table) currently provided by F.B. Culley 2 and Warrick Unit #4. The long-term outlook for Warrick Unit #4 is uncertain. Warrick Unit #4 has been the worst performing unit in Petitioner's fleet over the 2016-2020 period with an annual Equivalent Forced Outage Rate of over 14%. Moreover, based on annual O&M cost per MWh of capacity, Warrick Unit #4 is the most expensive unit to operate among the CenterPoint Indiana South coal units. In addition, F.B. Culley 2 is Petitioner's oldest, smallest (90 MWs) and least efficient (12,500-13,000 BTU/kWh) coal unit. However, as Petitioner's Witness Rice will discuss in greater detail, additional capacity is needed, which is why CenterPoint Indiana South has filed this proceeding.

Q. Please explain further why CenterPoint Indiana South chose to file this case while Cause No. 45501 is still pending.

A. The Plan requires an initial step of identifying and selecting approximately 700-1,000 MWac of solar generation, 300 MWac of wind generation, and approximately 500 MW of natural gas Combustion Turbine ("CT") generation. The PPAs proposed in this proceeding, combined with the 45501 Solar Projects, will contribute to Petitioner achieving this initial step of obtaining approximately 700-1,000 MWac of solar generation. Timing is important since a generation transition period can take a minimum of 3.5 years, depending on project selection, the MISO Interconnection Queue process, site permitting, and various other factors. As such, there will be a period between the retirement of the

1 Company's coal generation units and the new generation coming online where the
2 Company will need to rely on the wholesale energy market. We filed this proceeding on
3 the heels of Cause Nos. 45501 and 45564 to minimize this period.
4

5 Due to this construction lead time for the new generation resources, Petitioner needs to
6 act quickly to ensure it has resources in place. This past Session, the Indiana General
7 Assembly enacted House Enrolled Act 1520, which requires the five investor-owned
8 electric utilities in Indiana to have sufficient Summer and anticipated Winter UCAP to meet
9 their planning reserve margin requirements while purchasing not more than 30% from the
10 regional transmission organization capacity auction.
11

12 **Q. Why is the proposed Plan in the public interest?**

13 A. The Plan will enhance or maintain the reliability and efficiency of service provided by
14 Petitioner. The Plan is consistent with Petitioner's 2019/2020 IRP and is an economic
15 choice to help meet Petitioner's retail electric load as further describe by Petitioner's
16 Witnesses Rosario and Rice.
17

18 **Q. With the addition of more than 700 MW of capacity from solar resources, how will
19 reliability be maintained when the sun is not shining?**

20 A. CenterPoint Indiana South will continue to dispatch its coal and gas fleet and available
21 wind generation, as well as purchase power from MISO to meet customer demand and
22 reliability needs throughout the term of the Solar PPAs. This ensures that when the sun is
23 not shining customers will continue to receive reliable service every hour of every day.
24 Moreover, in Cause No. 45564, Petitioner is seeking a CPCN pursuant to Ind. Code ch.
25 8-1-8.5 to construct two natural gas CTs providing approximately 460 MW of capacity that
26 could be dispatched to maintain reliability.
27

28 **Q. Please describe how the relief requested is consistent with CenterPoint Indiana
29 South's 2019/2020 IRP and the Plan.**

30 A. With Petitioner's existing coal-fired units near retirement and utility-scale solar emerging
31 as an efficient, low-cost energy source that complements other generation alternatives,
32 the Company's Plan, and relief sought in this proceeding, represent a step towards
33 diversifying its generation assets while ensuring reliable service to its customers in a cost-

1 effective manner.

2
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
5 and prudently diverse mix of traditional and emerging generation resources (wind, solar,
6 storage, energy efficiency, natural gas, coal) with flexibility to hedge against risk and
7 opportunity to pivot and react to changing circumstances as opposed to placing too much
8 emphasis on a few large resources or uneconomic investments. In addition to the Plan
9 both containing a more diverse mix of resources and the gas units within the Plan
10 representing a much smaller portion of the Company's generation portfolio compared to
11 the Company's 2016 IRP Preferred Portfolio, the Company's proposed solar projects offer
12 diversity and flexibility in relation to the type of investment (ownership and power purchase
13 agreements) as well as duration – varying PPA terms providing additional options and/or
14 off-ramps. The 2019/2020 Preferred Portfolio is also reliable and resilient, offering a
15 transition to a cleaner energy future while complementing renewable energy resources
16 with fast start and fast ramping capability to ensure sufficient dispatchable capacity to
17 cover the Company's load in the winter when there is less solar output.

18
19 Moreover, the 2019/2020 Preferred Portfolio is cost-effective, reducing the Company's
20 cost of providing service to its customers over the next 20 years by more than \$320 million
21 as compared to continued operation of the Company's existing generation portfolio.
22 Responsive to previous Commission guidance, the Company's 2019/2020 IRP utilized an
23 All-Source RFP not only to determine the price and availability of renewables but also to
24 fully explore and evaluate all new and existing resource options and alternatives to reliably
25 serve customers in a cost-effective manner over the next 20 years and beyond as well as
26 reasonably minimize any potential risk of a generation asset becoming uneconomic in an
27 environment of rapid technological innovation.

28
29 Solar resources were selected in all portfolios including the Preferred Portfolio and
30 together, the capacity attributable to each project, along with the capacity attributable to
31 the proposed 45501 Solar Projects and CTs proposed in Cause No. 45564, help fill a
32 portion of the capacity necessary to meet Petitioner's retail electric load and adequate
33 reserve margins. Further, the Solar PPA projects represent a reasonable addition to

Petitioner's generation resource portfolio that, in the aggregate, serves to increase reliability and efficiency as well as mitigate risk through diversification, not only of resource mix but asset type, and fosters an economic mix of capacity resources, consistent with Commission guidance in previous generation filings.

V. OVERVIEW OF THE VERMILLION COUNTY SOLAR PROJECT PPA

Q. Please provide an overview of the Vermillion County Solar Project.

A. Oriden is developing a 185 MWac solar farm in Vermillion County, Indiana. Oriden will own and maintain the solar facility, while selling energy, capacity, and RECs to CenterPoint Indiana South through a PPA. The Vermillion County Solar Project will be within the footprint of MISO. The project is in the MISO Definitive Planning Phase ("DPP") and is estimated to secure a MISO interconnection agreement in December of 2022. The Vermillion County Solar Project will interconnect to a substation owned by Duke Energy Indiana.

Q. Please describe the terms and transaction structure for the Vermillion County Solar Project PPA.

A. Structured as a PPA offering, Oriden will provide CenterPoint Indiana South all product and attributes associated with the 185 MW solar plant for a period of 15 years beginning at the commercial operation date. In other words, CenterPoint Indiana South will be entitled to all energy, capacity, and RECs during the term of the PPA. The PPA is reasonably priced throughout the term of the agreement as further discussed by Petitioner's Witness Rosario.

Q. Are there benefits of working with Oriden?

A. Yes. While Oriden is relatively new developer, it is an affiliate of Mitsubishi Power Systems Americas, Inc. which has significant experience developing generation projects and has experienced personnel on its development team.

Q. How does the Oriden PPA benefit CenterPoint Indiana South customers?

A. As further discussed by Petitioner's Witness Rosario, the PPA pricing being offered by

1 Oriden is very competitive. In addition, the project will be developed on a brownfield
2 development site. Brownfield redevelopment returns environmentally impacted and
3 underused properties to productive use by mitigating environmental impacts, reducing
4 environmental safety risks, and promoting economic revitalization. Redevelopment of
5 brownfield sites provides holistic benefits to the community.

6
7
8 **VI. OVERVIEW OF THE KNOX COUNTY SOLAR PROJECT PPA**

9
10 **Q. Please provide an overview of the Knox County Solar Project.**

11 A. Origen is building a 150 MW solar farm in Knox County, Indiana. Origen will own and
12 maintain the solar facility, and sell energy, capacity, and RECs to CenterPoint Indiana
13 South through a PPA. The Knox County Solar Project will be within the footprint of MISO.
14 The project is in the MISO DPP and is estimated to secure a MISO interconnection
15 agreement in August of 2022. The Knox County Solar Project will interconnect to a
16 transmission line owned by Duke Energy Indiana.

17
18 **Q. Please describe the terms and transaction structure for the Knox County Solar**
19 **Project PPA.**

20 A. Origen commits to provide CenterPoint Indiana South all product and attributes associated
21 with the 150 MW solar plant over a term of 20 years beginning at the commercial operation
22 date. The negotiated price, which is described by Petitioner's Witness Rosario, includes
23 the energy, capacity, and RECs generated by the Knox County Solar Project.

24
25 **Q. Are there benefits of working with Origen?**

26 A. Yes. Origen has significant experience building solar projects. Since 2008, Origen has
27 constructed more than 170 solar and battery storage projects globally, totaling 4 GW. In
28 addition, the Knox County Solar Project has strong financial backing.

29
30 **Q. How does the Origen PPA benefit CenterPoint Indiana South customers?**

31 A. As further discussed by Petitioner's Witness Rosario, the PPA pricing being offered by
32 Origen is very competitive.

VII. CUSTOMER EXPECTATIONS AND OTHER MATTERS

Q. Please explain how Petitioner's proposal to enter into the PPAs is responsive to the Company's customers or communities in which it serves.

A. The PPAs are 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 both projects to Petitioner's generation portfolio will play a critical role in retaining large customers given 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 CenterPoint Indiana South serves will benefit to the extent the projects support growth among the Company's large customers or attract new customers that have renewable energy goals as further discussed by Petitioner's Witness Harris. Customer growth can create a potential ripple effect on the local economy and/or potentially spread fixed costs over a larger customer base to the benefit of all customers.

Q. Is there any significance to the projects being located in Vermillion County and Knox County?

A. Both projects will be located in Indiana, which will contribute to tax base in southern Indiana. The Vermillion County Solar Project and Knox County Solar Project also will be constructed in CenterPoint Indiana South's gas service territory, so they will be known to customers.

Q. In your opinion, are the Oriden and Origis or Knox County Solar and Vermillion County Solar Projects prudent, valuable, and reasonably priced renewable energy resources?

1 A. Yes. Investing in solar energy resources at this time is reasonable and necessary, and will
2 benefit Indiana and CenterPoint Indiana South's customers. Both Solar Projects serve to
3 diversify the Company's generation portfolio; are consistent with the Preferred Portfolio in
4 Petitioner's 2019/2020 IRP; provide additional solar generation located in Indiana;
5 encourage economic development as further discussed by Petitioner's Witness Harris;
6 and meet customers' increasing desire for the utility to provide renewable energy options
7 to serve their needs, and in some cases, satisfy their renewable energy goals.

8
9 The costs for both projects are reasonable. In my opinion, Commission approval of both
10 Solar Projects and associated relief sought within the subject cause is in the public
11 interest, will enhance or maintain the reliability and efficiency of service provided by the
12 Company, and is otherwise consistent with Ind. Code ch. 8-1-8.8.

13
14
15 **VIII. CONCLUSION**

16
17 **Q. Do the PPAs described herein represent prudent, valuable, and reasonably priced**
18 **renewable energy resources for CenterPoint Indiana South?**

19 A. Yes. The Solar PPAs described herein will provide CenterPoint Indiana South's customers
20 with reasonably priced energy from a cleaner energy resource. The Solar PPAs are
21 supported by the analysis performed in CenterPoint Indiana South's 2019/2020 IRP.

22
23 **Q. In your opinion, are the PPAs reasonable and necessary and in the public interest?**

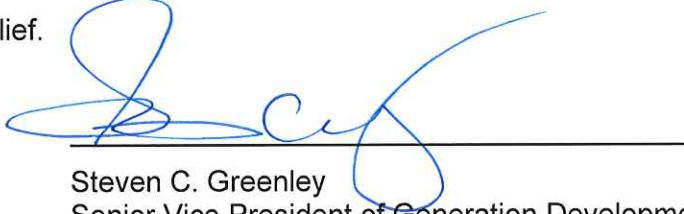
24 A. Yes. CenterPoint Indiana South believes that investing in solar energy resources is
25 reasonable and appropriate at this time and will benefit Indiana and CenterPoint Indiana
26 South's customers. Both PPAs serve to diversify the Company's generation portfolio,
27 provide additional solar generation located in Indiana, encourage economic development,
28 and meet our customers' increasing desire to have renewable energy options available to
29 serve their needs. CenterPoint Indiana South respectfully requests that the Commission
30 approve the PPAs, as well as the other relief requested in this proceeding.

31
32 **Q. Does this conclude your direct testimony?**

33 A. Yes, at the present time.

VERIFICATION

I, Steve C. Greenley, Senior Vice President of Generation Development for Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South, under the penalty of perjury, affirm that the answers in the foregoing Direct Testimony are true to the best of my knowledge, information, and belief.



Steven C. Greenley
Senior Vice President of Generation Development

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

FILED
August 25, 2021
INDIANA UTILITY
REGULATORY COMMISSION

VERIFIED PETITION OF SOUTHERN INDIANA GAS AND)
ELECTRIC COMPANY D/B/A CENTERPOINT ENERGY INDIANA)
SOUTH ("CENTERPOINT INDIANA SOUTH") FOR AN ORDER:)
(1) AUTHORIZING CENTERPOINT INDIANA SOUTH TO ENTER)
INTO A POWER PURCHASE AGREEMENT ("PPA") TO)
PURCHASE ENERGY AND CAPACITY FROM A 185 MW SOLAR)
PROJECT IN VERMILLION COUNTY, INDIANA (THE)
"VERMILLION COUNTY SOLAR PROJECT"), AND FINDING THE)
TERMS OF THE PPA REASONABLE AND NECESSARY; (2))
AUTHORIZING CENTERPOINT INDIANA SOUTH TO ENTER)
INTO A PPA TO PURCHASE ENERGY AND CAPACITY FROM A)
150 MW SOLAR PROJECT IN KNOX COUNTY, INDIANA (THE)
"KNOX COUNTY SOLAR PROJECT"), AND FINDING THE)
TERMS OF THE PPA REASONABLE AND NECESSARY; (3))
DETERMINING THE VERMILLION COUNTY SOLAR PROJECT)
AND KNOX COUNTY SOLAR PROJECT TO BE ELIGIBLE CLEAN)
ENERGY PROJECTS FOR PURPOSES OF IND. CODE CH. 8-1-)
8.8; (4) AUTHORIZING THE FULL RECOVERY OF THE POWER)
PURCHASE COSTS UNDER THE PPAS FROM CUSTOMERS)
THROUGH FUEL ADJUSTMENT CLAUSE ("FAC"))
PROCEEDINGS OVER THE ENTIRE TERM OF THE PPAS; (5))
APPROVING RATEMAKING TREATMENT TO ACCOUNT FOR)
INCREASED COST OF DEBT ASSOCIATED WITH THE PPAS)
AND AUTHORIZING EXPENSES ASSOCIATED WITH ENTERING)
INTO THE PPAS BE DEFERRED AS REGULATORY ASSETS)
FOR RECOVERY THROUGH THE FAC; (6) APPROVING)
CONFIDENTIAL TREATMENT OF THE PPA PRICING AND)
OTHER NEGOTIATED COMMERCIAL TERMS AND RELATED)
CONFIDENTIAL INFORMATION.)

CAUSE NO. 45600

VERIFIED PETITION

Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South ("Petitioner" or "CenterPoint Indiana South") respectfully petitions the Indiana Utility Regulatory Commission ("Commission") for an Order: (1) authorizing CenterPoint Indiana South to enter into a Power Purchase Agreement ("PPA") to purchase energy, capacity, and Renewable Energy Credits ("RECs") from a 185 MW solar project in Vermillion County, Indiana (the "Vermillion County Solar Project"), and finding the terms of the PPA reasonable and necessary; (2) authorizing CenterPoint Indiana South to enter into a PPA to purchase energy, capacity, and

RECs from a 150 MW solar project in Knox County, Indiana (the “Knox County Solar Project”), and finding the terms of the PPA reasonable and necessary; (3) determining the Vermillion County Solar Project and the Knox County Solar Project to be eligible “clean energy projects” for purposes of Ind. Code ch. 8-1-8.8; (4) authorizing the full recovery of the power purchase costs through fuel adjustment clause (“FAC”) proceedings over the entire term of the PPAs; (5) approving ratemaking treatment to account for increased cost of debt associated with the PPAs and authorizing expenses associated with entering into the PPAs be deferred as regulatory assets for recovery through the FAC; and (6) approving confidential treatment of the PPA pricing and other negotiated commercial terms and related confidential information. In support of this Verified Petition, Petitioner submits the following:

1. **CenterPoint Indiana South’s Characteristics.** CenterPoint Indiana 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. CenterPoint Indiana 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. CenterPoint Indiana South owns, operates, manages, and controls, among other things, plant, property, equipment, and facilities that are used and useful for the production, storage, transmission, distribution, and furnishing of electric service to approximately 145,000 electric consumers in southwestern Indiana. Its service territory is spread throughout seven counties: Pike, Gibson, Dubois, Posey, Vanderburgh, Warrick, and Spencer counties.

2. CenterPoint Indiana South is a “public utility” within the meaning of Ind. Code § 8-1-2-1. CenterPoint Indiana South is an “eligible business” as defined in Ind. Code § 8-1-8.8-6. CenterPoint Indiana South 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. **CenterPoint Indiana South's 2019/2020 IRP and RFPs.** On June 30, 2020, CenterPoint Indiana 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 CenterPoint Indiana 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, CenterPoint Indiana South conducted an All-Source request for proposals ("All-Source RFP") on August 12, 2019. On August 12, 2020, CenterPoint Indiana 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 Vermillion County Solar Project and Knox County Solar Project (collectively, the "Solar Projects" or "Solar PPAs"), which are described in greater detail below, were selected from the second RFP. The Solar Projects are consistent with CenterPoint Indiana South's 2019/2020 IRP and are an economic choice to help meet CenterPoint Indiana South's retail electric load. Commission approval of the Solar Projects and associated relief sought herein is in the public interest, will enhance or maintain the reliability and efficiency of service provided by CenterPoint Indiana South, and is otherwise consistent with Ind. Code § 8-1-8.8-11.

6. **The Vermillion County Solar Project and PPA.** The Vermillion County Solar Project is being developed in Vermillion County, Indiana, on a brownfield development site. The Vermillion County Solar Project will be developed by Oriden LLC affiliate, Vermillion Rise Solar LLC ("Oriden"). The Vermillion County Solar Project is expected to have a nameplate capacity of 185 MWacs. Under the PPA, Oriden will sell to Petitioner all product and attributes of the Vermillion County Solar Project, including all energy, capacity, and renewable energy credits ("RECs") associated with the solar plant for a 15-year term. The 15-year term of the PPA will

commence on the commercial operating date, which is anticipated for the end of 2023, consistent with the Preferred Portfolio. The terms and conditions of the Oriden PPA are included in Petitioner's evidence submitted herewith.

7. **The Knox County Solar Project and PPA.** The Knox County Solar Project is being developed in Knox County, Indiana, by Origis Energy affiliate IN Solar 1, LLC ("Origis"), a top ranked utility-scale solar developer. The Knox County Solar Project is expected to have a nameplate capacity of 150 MWs. Under the PPA, Origis will sell and CenterPoint Indiana South will be entitled to all product and attributes, including all energy, capacity, and RECs associated with the solar plant for a 20-year term. The 20-year term of the PPA will commence on the commercial operating date, which is anticipated to be by the end of 2023. The terms and conditions of the Origis PPA are included in CenterPoint Indiana South's evidence submitted herewith.

8. **Solar PPA Capacity.** The expected capacity attributable to the Vermillion County Solar Project and the Knox County Solar Project is a reasonable and necessary resource in providing capacity and diversity of supply, as well as maintaining adequate reserve margins, for CenterPoint Indiana South. The Solar PPAs have been modeled by CenterPoint Indiana South, giving appropriate consideration to alternatives such as conservation, demand-side management, load management, customer-specific contracts, cogeneration, and the purchase of power. CenterPoint Indiana South submits that the PPAs for the Vermillion County Solar Project and the Knox County Solar Project are a reasonable addition to a portfolio of capacity resources that in the aggregate serve to mitigate risk through diversification and foster an economic mix of capacity resources. Commission approval of the Solar PPAs and associated relief sought herein is in the public interest, will enhance or maintain the reliability and efficiency of service provided by CenterPoint Indiana South, and is otherwise consistent with Ind. Code § 8-1- 8.8-11. The PPAs for the Vermillion County Solar Project and the Knox County Solar Project are consistent with

CenterPoint Indiana South's 2019/2020 IRP and are an economic choice for helping to meet Petitioner's Indiana retail electric load.

9. **Relief Requested.** Petitioner requests the Commission approve the Solar PPAs, in their entirety, and authorize Petitioner to recover the associated costs throughout the terms of the PPAs via a rate adjustment mechanism in accordance with Ind. Code §§ 8-1-2-42(a) and 8-1-8.8-11. For administrative efficiency and simplicity, CenterPoint Indiana South proposes that timely cost recovery be administered through its FAC proceedings (or successor mechanism). Although CenterPoint Indiana South is proposing to have the cost recovery administered through its FAC, CenterPoint Indiana South proposes that this cost recovery not be subject to the Section 42(d)(1) test or any other FAC benchmarks. Rather, CenterPoint Indiana South requests that the Commission make a definite finding in this Cause that the Solar PPAs and associated costs are reasonable and necessary so that CenterPoint Indiana South will be authorized to recover those costs over the full term of the PPAs.

10. In accordance with Ind. Code § 8-1-8.8-11, Petitioner also requests Commission approval of a PPA adjustment mechanism to account for increased cost of debt related to the Solar PPAs. The PPA adjustment is intended to incentivize the company to execute PPAs that are cost-effective for customers, while compensating CenterPoint Indiana South for the inherent financial burden associated with the imputed debt and corresponding financial obligations associated with PPAs. In addition, Petitioner requests that it be authorized to defer expenses associated with entering into the Vermillion County Solar Project PPA and the Knox County Solar Project PPA as regulatory assets for future recovery through the FAC over the terms of the PPAs.

11. 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. Therefore, approval of the relief Petitioner seeks is consistent with Indiana energy and regulatory policy.

12. **Confidentiality Request.** Petitioner further requests confidential treatment of the Solar PPAs' pricing and other negotiated commercial terms and related confidential, proprietary, and competitively sensitive information, as that information is properly considered "trade secret" 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.

13. **Rate Impact.** The rates set forth in the Vermillion County Solar Project PPA and the Knox County Solar Project PPA are included in Petitioner's case-in-chief, and specifically in the testimony of Roland A. Rosario. Petitioner believes the plan proposed herein will result in a net decrease in customer rates. The estimated rate impact from the relief sought herein is discussed in the testimony and attachments of Petitioner's Witness Matthew A. Rice.

14. **Applicable Law.** Petitioner considers the provisions of the Public Service Commission Act, as amended, including Ind. Code ch. 8-1-8.8 and Ind. Code § 8-1-2-42(a), 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.

15. **CenterPoint Indiana South's Counsel.** CenterPoint Indiana South's counsel of record, duly authorized to accept service of papers in this Cause are:

P. Jason Stephenson, Atty. No. 21839-49
Heather Watts, Atty. No. 35482-82
CenterPoint Energy Indiana South
211 NW Riverside Drive
Evansville, IN 47708
Mr. Stephenson's Telephone: (812) 491-4231
Ms. Watts' Telephone: (812) 491-5119
Email: Jason.Stephenson@centerpointenergy.com
E-mail: Heather.Watts@centerpointenergy.com

Steven W. Krohne, Atty. No. 20969-49
Kelly M. Beyrer, Atty. No. 36322-49
ICE MILLER LLP
One American Square, Suite 2900
Indianapolis, IN 46282-0200
Mr. Krohne's Telephone: (317) 236-2294
Ms. Beyrer's Telephone: (317) 221-2819
Facsimile: (317) 592-4212
E-mail: steven.krohne@icemiller.com

E-mail: kelly.beyrer@icemiller.com

16. **Procedural Matters.** To facilitate Petitioner's ability to purchase energy from the Vermillion County Solar Project and Knox County Solar Project in accordance with the PPAs, 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:

Event	Date
Petitioner's Case-in-Chief	Wednesday, August 25, 2021
OUCC and Intervenor's Cases-in-Chief	Friday, October 29, 2021
Petitioner's Rebuttal Testimony	Friday, November 12, 2021
Evidentiary Hearing	Monday, November 29, 2021
Petitioner's Proposed Order	Tuesday, December 7, 2021
OUCC's and Intervenor's Proposed Order[s]	Wednesday, December 15, 2021
Petitioner's Reply to OUCC and Intervenor's	Thursday, December 23, 2021

Discovery will be conducted on an informal basis with responses due within ten (10) calendar days until Petitioner files its rebuttal testimony. Thereafter, responses will be due within five (5) business days. Discovery served after 5 PM Monday through Thursday or noon on Friday or the day proceeding a legal holiday will be deemed served the following business day.

WHEREFORE, Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana 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 the appropriate orders in this Cause:

(a) authorizing CenterPoint Indiana South to enter into a PPA with Oriden to purchase energy and capacity from the Vermillion County Solar Project over a 15-year term and finding the terms of the PPA reasonable and necessary;

(b) authorizing CenterPoint Indiana South to enter into a PPA with Origis to purchase energy and capacity from the Knox County Solar Project over a 20-year term and finding the terms of the PPA reasonable and necessary;

(c) determining that the Vermillion County Solar Project and Knox County Solar Project are eligible clean energy projects for purposes of Ind. Code ch. 8-1-8.8;

(d) authorizing full recovery of the power purchase costs under the PPAs from customers through FAC proceedings (or successor mechanism) over the terms of the PPAs;

(e) approving ratemaking treatment to account for increased cost of debt related to the PPAs pursuant to Ind. Code § 8-1-8.8-11, as well as to defer expenses incurred to enter into the PPAs as regulatory assets and recovery of such deferred costs through the FAC;

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

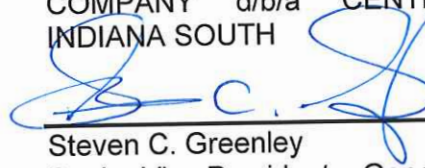
(g) approving the procedural schedule agreed to between Petitioner and the OUCC;
and

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

[Signature Page Follows]

Dated this 25th day of August 2021.

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 or by depositing a copy thereof in the United States mail, first class postage prepaid, addressed to:

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



Steven W. Krohne

Dated: August 25, 2021