

VERIFIED DIRECT TESTIMONY OF PATRICK J. PLUARD IURC
PETITIONER'S

EXHIBIT NO. 2
DATE 6-7-21 REPORTER LR

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

2 A1. My name is Patrick J. Pluard. My business address is 1500 165th Street,
3 Hammond, Indiana, 46320. I am the Director of Portfolio Optimization in
4 the Energy Supply and Optimization Department for Northern Indiana
5 Public Service Company LLC ("NIPSCO").

6 Q2. Please briefly describe your educational and business experience.

7 A2. I attended Purdue University Calumet where I graduated with a Bachelor
8 of Science in Marketing in 1994 and a Masters in Business Administration
9 in 2000. I began my employment with NIPSCO in 2004 as a Real Time
10 Energy Trader. In 2008 I transferred to operations as a Generation System
11 Supervisor. In 2011 I was promoted to Manager of Day Ahead Asset
12 Optimization. I was promoted to my current role, Director of Portfolio
13 Optimization, in March of 2013.

14 Q3. What are your responsibilities as Director of Portfolio Optimization?

1 A3. As Director of Portfolio Optimization, I am responsible for a team
2 consisting of system operators, engineers and asset managers that optimize
3 NIPSCO's gas and electric assets. Specific to this filing, my team is
4 responsible for acquiring Renewable Energy Certificates ("RECs") needed
5 to support the Green Power Rider ("GPR") Program.

6 **Q4. What is the purpose of your direct testimony in this proceeding?**

7 A4. The purpose of my testimony is to describe the process used to acquire
8 RECs for NIPSCO's GPR Program during the period January through
9 December 2020 (the "reconciliation period"). I describe how RECs were
10 acquired, the quantity of RECs transferred from the Fuel Adjustment
11 Clause ("FAC") customer inventory, the price paid for the RECs, and the
12 origination location of the RECs. I also provide the RECs for the GPR
13 Program for calendar year 2020.¹

14 **Q5. Did NIPSCO purchase any RECs on the open market for the**
15 **reconciliation period?**

¹ This information was included in NIPSCO's annual reports previously required in the Commission's December 19, 2012 Order in Cause No. 44198 and December 3, 2014 Order in Cause No. 44520.

1 A5. No. Instead of purchasing RECs on the open market, NIPSCO transferred
2 RECs from the FAC customer inventory consistent with the approach
3 detailed in GPR-2.

4 **Q6. Please explain the transfer from the FAC customer inventory.**

5 A6. NIPSCO transferred 21,350 RECs from the FAC customer inventory on
6 February 3, 2021 at the market price established by a sale, which occurred
7 on February 1, 2021. NIPSCO chose this option because it was the most cost
8 effective option of acquiring RECs for GPR customers while maintaining
9 compliance with the Green-e® certification requirement. As discussed in
10 GPR-2, this process establishes the actual cost for RECs during the
11 reconciliation period after-the-fact and incorporates the actual GPR sales
12 for the period.

13 **Q7. What was the cost of the RECs?**

14 A7. The cost of the RECs was \$1.74/REC (Schedule 4, Line 9), inclusive of the
15 unit purchase value and a Midwest Renewable Energy Tracking System
16 ("MRETS") REC retirement fee, for a total REC cost of \$37,149.00. A sale of
17 802 wind RECs from the FAC inventory was made on February 1, 2021,
18 which established the price for the RECs. An FAC to GPR transfer was

1 made on February 3, 2021 for a total quantity of 21,350 RECs. The quantity
2 was based upon the actual GPR sales during the reconciliation period. This
3 transfer mechanism enabled GPR customers to receive the lowest
4 reasonable cost for the RECs purchased while avoiding additional costs
5 associated with small lot purchases in the open market. FAC customers
6 received the same fair market value for the RECs transferred. NIPSCO
7 Witness Blissmer describes how this cost impacts the proposed rate in this
8 filing.

9 **Q8. What is the locational source of the RECs transferred from the FAC**
10 **customer inventory?**

11 A8. For this GPR transfer, RECs were sourced from the Barton and Buffalo
12 Ridge wind resources located in Iowa and South Dakota. Both Barton and
13 Buffalo Ridge generate electricity under a Power Purchase Agreement with
14 NIPSCO, and both wind resources are located within the Midcontinent
15 Independent System Operator, Inc. ("MISO") balancing area.

16 **Q9. Is the price NIPSCO paid for the RECs different than the price NIPSCO**
17 **estimated for Green Power sales that occurred for the period January 1,**
18 **2020 through December 31, 2020?**

1 A9. Yes. The actual price NIPSCO paid for the RECs for the period January
2 through December 2020 was \$1.74. In Cause No. 44198-GPR-11 the price
3 for RECs for the period January through June 2020 was estimated to be
4 \$0.585. In Cause No. 44198-GPR-12 the price for RECs for the period July
5 through December 2020 was estimated to be \$0.910. The actual traded price
6 of RECs has increased over the last year with RECs now typically trading
7 in the \$2.00 to \$3.00/REC range.

8 **Q10. Is there a specific driver for the difference in the price of RECs from the**
9 **estimates?**

10 A10. There is no real way to know the exact drivers affecting the price of RECs
11 within the open market. Generally, the price of RECs is driven by a variety
12 of market conditions such as proposed modifications to state renewable
13 portfolio standard requirements, addition of new renewable resource
14 plants, customer demand, technology, and location of renewable
15 generation. Overall, however, the price for RECs has continued to increase
16 steadily over the last year, which has informed the cost NIPSCO is now
17 estimating for RECs for the period of July 1, 2021 through June 30, 2022,
18 which is discussed below.

1 **Q11. Did NIPSCO consider purchasing RECs sourced from Indiana?**

2 A11. Yes. There is no published market for Indiana-sourced generation. Recent
3 indications suggest that Indiana sourced RECs could be sold in adjacent
4 states with state-specific Renewable Portfolio Standards, which may not be
5 Green-e certified as currently required in NIPSCO's GPR. NIPSCO will
6 continue to explore the option of acquiring RECs sourced in Indiana during
7 the annual GPR purchase process.

8 **Q12. What price will NIPSCO pay for future RECs covering Green Power sales**
9 **for the period July 1, 2021 through June 30, 2022?**

10 A12. Future prices are unknown. The method of acquisition as described above
11 will influence the price incurred for future RECs. Purchases made in the
12 open market may be subject to odd-lot premiums and brokerage fees.
13 Transfers from the FAC customer inventory will continue to be at the
14 prevailing wholesale price, generally reducing costs included in the GPR
15 factor. NIPSCO anticipates future transfers will be in the \$2.00 to \$3.00/REC
16 range. For purposes of calculating the GPR in this filing, NIPSCO used the
17 anticipated midpoint of \$2.50/REC. NIPSCO will continue to explore all
18 options prior to making any purchase or transfer decisions.

1 **Q13. Do you know where future RECs will be acquired?**

2 A13. The exact sources of future RECs will not be known until after a purchase
3 or transfer option has been fully evaluated and transactions are completed.
4 However, they will continue to be sourced from the MISO balancing area.

5 **Q14. When does NIPSCO intend to purchase RECs for the period January**
6 **through December 2021?**

7 A14. NIPSCO intends to purchase or perform a transfer of RECs during the first
8 quarter of 2022 after actual sales for the annual billing period have been
9 confirmed.

10 **Q15. Please provide the RECs for the GPR Program for calendar year 2020**
11 **sales.**

12 A15. As shown in Petitioner's Exhibit No. 1, Attachment 1-A, Attachment A,
13 Schedule 4, for calendar year 2020 sales, NIPSCO secured 21,350 Wind
14 RECs (Line 4) through an internal transfer in MRETS at a total cost of
15 \$37,149 (Line 8). The purchase summary is shown in Table 1.

Retirement Date	Quantity	Price	Retirement Fee	Sub	Total
2/03/2021	21,350	\$1.73	\$0.01	\$1.74	\$37,149.00

16
17 **Q16. Does this conclude your prefiled direct testimony?**

1 A16. Yes.

VERIFICATION

I, Patrick J. Pluard, Director of Optimization in the Energy Supply and Optimization Department 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.

A handwritten signature in black ink, appearing to read "Patrick Pluard", written in a cursive style.

Patrick J. Pluard

Date: March 31, 2021

VERIFIED DIRECT TESTIMONY OF PATRICK J. PLUARD

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VERIFICATION

I, Patrick J. Pluard, Director of Optimization in the Energy Supply and Optimization Department 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.

A handwritten signature in black ink, appearing to read "Patrick J. Pluard", written in a cursive style.

Patrick J. Pluard

Date: March 31, 2021