

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANAPOLIS POWER)
& LIGHT COMPANY D/B/A AES INDIANA (“AES)
INDIANA”) AND AES PIKE COUNTY ENERGY)
STORAGE, LLC FOR (1) APPROVAL OF A STAND-)
ALONE BATTERY ENERGY STORAGE SYSTEM)
PROJECT AT PETERSBURG STATION (“PIKE)
COUNTY PROJECT”), INCLUDING A JOINT)
VENTURE STRUCTURE BETWEEN AN AES)
INDIANA SUBSIDIARY AND ONE OR MORE TAX)
EQUITY PARTNERS AND A CAPACITY)
AGREEMENT AND CONTRACT FOR)
DIFFERENCES BETWEEN AES INDIANA AND THE)
AES SUBSIDIARY PROJECT COMPANY THAT)
HOLDS THE PIKE COUNTY PROJECT, AS A)
CLEAN ENERGY PROJECT AND ASSOCIATED)
TIMELY COST RECOVERY UNDER IND. CODE §)
8-1-8.8-11; (2) APPROVAL OF ACCOUNTING AND)
RATEMAKING FOR THE PIKE COUNTY)
PROJECT, INCLUDING AN ALTERNATIVE)
REGULATORY PLAN UNDER IND. CODE §)
8-1-2.5-6 TO FACILITATE AES INDIANA’S)
INVESTMENT IN THE PROJECT THROUGH A)
JOINT VENTURE; (3) ISSUANCE OF AN ORDER)
PURSUANT TO IND. CODE § 8-1-2.5-5 DECLINING)
TO EXERCISE JURISDICTION OVER THE JOINT)
VENTURE, INCLUDING THE PROJECT)
COMPANY, AS A PUBLIC UTILITY AND)
DECLINING TO EXERCISE JURISDICTION)
UNDER TO IND. CODE § 8-1-8.5-2; AND (4) TO THE)
EXTENT NECESSARY, ISSUANCE OF A)
CERTIFICATE OF PUBLIC CONVENIENCE AND)
NECESSITY PURSUANT TO IND. CODE § 8-1-8.5-2)
FOR THE DEVELOPMENT OF THE PIKE COUNTY)
PROJECT BY A WHOLLY OWNED AES INDIANA)
SUBSIDIARY)

CAUSE NO. 45920

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
NOTICE OF FILING CORRECTED TESTIMONY

Indiana Office of Utility Consumer Counselor ("OUCC"), by counsel, respectfully submits corrections to the testimony of John W. Hanks, Public’s Exhibit No. 1. The corrections only

comprise of the redactions to his testimony, and do not include any changes to the text. A copy of the correctly redacted testimony is attached hereto. The OUCC will include the corrected copy of the testimony when offered into evidence at the hearing in this Cause.

Respectfully submitted,



T. Jason Haas
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Deputy Consumer Counselor

1 County BESS Project will not produce electricity, the LCOE is not the preferred
2 indicator of cost; however, OCC costs are still widely used in the industry. In place
3 of the LCOE, battery systems are assigned a levelized cost of storage (“LCOS”),
4 which reflects the total cost to build and operate the facility in terms of each
5 kilowatt of energy discharged. Petitioner used the U.S. Department of Energy’s
6 LCOS calculator to determine the LCOS for the Pike County BESS project as well
7 as for battery storages projects in Petitioner’s 2022 IRP.⁷

8 **Q: How does the Pike County BESS Project compare to the battery resources**
9 **modeled in AES Indiana’s 2022 IRP?**

10 A: In the 2022 IRP, the base OCC cost for battery storage projects, including tax
11 credits, was estimated to be \$1,047/kW and the LCOS was \$91.14/MWh.⁸ The
12 OCC for the Pike Project is estimated to be [REDACTED] and the LCOS is
13 [REDACTED].⁹ However, it is not reasonable to compare the LCOS for the Pike
14 Project to the 2022 IRP price referenced above. To show the OCC and LCOS for
15 battery storage projects as used in the 2022 IRP, Petitioner submitted confidential
16 workpaper EKM-2. The calculations for the Pike project can be found in
17 confidential workpaper EKM-3. The project life for the IRP battery storage is set
18 to 15 years, while the Pike Project is assigned a project life of 20 years.¹⁰ If both
19 projects are given a 20-year project life, the LCOS for the IRP battery storage
20 becomes [REDACTED] Note that OCCs are an input to the model and are not
21 changed by altering the project life. In comparison to the adjusted life of the IRP

⁷ Direct Testimony of Erik Miller, p. 22, lines 1-2.

⁸ *Id.*, p. 20, line 9 and p. 22, line 17.

⁹ *Id.*, p. 20, line 7 and p. 22, line 16.

¹⁰ Confidential Attachment EKM-2 and EKM-3, “LCOS Calculator – Project” Column J, line 28.

1 battery project, the Pike Project is approximately [REDACTED] less expensive than
2 the IRP project, rather than [REDACTED] less expensive as Mr. Miller indicates¹¹.
3 While in this Cause the Pike project still compares slightly favorably to battery
4 projects in the 2022 IRP, resource planning and project selection require consistent
5 cost comparisons across different technology and project types. For IRPs and
6 requests for proposals (“RFP”), this principle is typically recognized, for example,
7 by a replacement methodology that assigns costs for market purchases of energy
8 and capacity to a project with a short life (like a 20-year purchase power agreement)
9 to compare with projects having a longer life (such as a build-transfer agreement
10 for a facility operating 35 years). This principle and the associated replacement
11 methodology were used in the selection process for the Pike Project.¹² The OUCC
12 recommends Petitioner show the levelized costs for all projects presented to the
13 Commission so that the term lengths and cost recovery periods are equivalent.

IV. CAPACITY ACCREDITATION AND THE CFD

14 **Q: How does the CfD in this cause compare to the CfD previously approved for**
15 **the Petersburg Project in Cause No. 45591?**

16 **A:** Typically, in energy markets, a CfD provides one party a fixed price for electricity
17 where the buyer and seller agree to settle the difference. The energy covered by the
18 CfD would be sold into the MISO market, and if the market price differs from the
19 fixed price, then “[a]t settlement, if the market price is higher than the contract for
20 differences fixed price, the seller pays the difference to the buyer; if the market
21 price is lower than the contract for differences fixed price, the buyer pays the

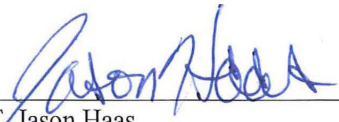
¹¹ Miller Direct, p. 22, lines 13-17.

¹² Direct Testimony of Danielle Powers, Confidential Workpaper DSP-2.

CERTIFICATE OF SERVICE

This is to certify that a copy of the *OUCC Corrected Testimony Filing* has been served upon the following parties of record in the captioned proceeding by electronic service on October 5, 2023.

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