

FILED
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INDIANA UTILITY
REGULATORY COMMISSION

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

**VERIFIED PETITION OF NORTHERN
INDIANA PUBLIC SERVICE COMPANY
LLC FOR APPROVAL OF RIDER 889 –
EXCESS DISTRIBUTED GENERATION
RIDER FOR THE PROCUREMENT OF
EXCESS DISTRIBUTED GENERATION
PURSUANT TO IND. CODE CH. 8-1-40**

CAUSE NO. 45505

DIRECT TESTIMONY OF JIM STRAETER

**ON BEHALF OF
INDIANA DISTRIBUTED ENERGY ALLIANCE**

JULY 27, 2021

I. INTRODUCTION

1 **Q. Please state your name and business address**

2 A. My name is Jim Straeter, and I am the President and Owner of Ag Technologies
3 Inc. My business address is 1268 E. 100 S. Rochester, Indiana 46975.

4 **Q. Please describe your business activity.**

5 A. Ag Technologies Inc. markets and installs solar energy systems. We also market
6 agricultural equipment. I have been in the renewable energy business since 2012.

7 **Q. Please describe your educational background, training and experience.**

8 A. I have a Bachelor of Science Degree in Education from University of Southern
9 Illinois – certified to teach Mathematics, Physics, Biology, Chemistry and Data
10 Processing at the High School level. I am a licensed solar installer. I currently
11 serve on the local hospital board, as well as the Duke Energy Indiana Advisory
12 Counsel. I hold membership in the Indiana Distributed Energy Alliance
13 (“IndianaDG”) and Illinois Solar Energy organizations. I have also attended
14 numerous business leadership and training programs. My experience includes
15 about 10 years in the solar business and 50 years in farm equipment. I hold 20 solo
16 utility patents.

17 **Q. Please describe your professional background.**

18 A. I worked for a farm equipment manufacturer, New Holland, after graduating from
19 college in 1973 for 14 years. I managed a New Holland retail store in Rochester
20 for four of those years, bought it from New Holland in 1989, and grew that business
21 to 7 stores by 2014. I left that business to two sons to run in 2016, and I
22 concentrated on my solar business. Currently the solar business has grown to

1 employ 13 full-time employees and is responsible for another 15 full-time jobs with
2 sub-contractors/suppliers. I hope the regulatory environment in Indiana will allow
3 the continued growth of our solar business and number of employees.

4 **Q. What are your duties, responsibilities, and goals with AG Technologies?**

5 A. I oversee the solar business operation and engage in sales full-time with oversight
6 of material supply, installation schedule, and after-install support. I intend to
7 continue to grow the business if possible.

8 **Q. Have you previously testified before the Indiana Utility Regulatory
9 Commission (“IURC”)?**

10 A. Yes. I filed testimony in the currently pending proceeding IURC Cause No. 45506.

II. SUMMARY

11 **Q. What is the purpose of your testimony in this Cause?**

12 A. My testimony will explain the adverse impacts that NIPSCO’s excess distributed
13 generation (“EDG”) proposals would have on my business, other Indiana solar
14 companies, our prospective customers, ratepayers served by NIPSCO, and
15 Indiana’s economy. I describe that NIPSCO’s estimated value of EDG customer
16 solar export electricity is unreasonably low. I explain that NIPSCO’s EDG
17 proposals will unreasonably lengthen the customer “payback” period for the cost
18 of a new solar energy system. This will deter customers from installing solar energy
19 systems at their homes and businesses and have serious negative impacts on Indiana
20 solar installation businesses and in turn on Indiana’s economy.

III. NEGATIVE IMPACTS OF NIPSCO'S PROPOSAL

1 **Q. Please describe the Hoosiers that express interest in solar installation and**
2 **those who own solar generation.**

3 A. Those who own and those who are interested in owning solar generation units
4 represent a cross section of Indiana. They include small residential customers,
5 farms, municipal governments, schools, commercial business customers, and
6 industrial customers. The vast majority of our customers purchase a solar energy
7 system to provide a long term, cost-effective, fuel-less energy supply that, over a
8 reasonable time, generates savings that offset the system's cost, i.e. investment
9 payback period. Without a reasonable investment payback period, there would be
10 very little demand for solar energy systems.

11 **Q. What are the common critical considerations for prospective solar installation**
12 **customers?**

13 A. The most critical consideration generally is system cost and the period over which
14 the solar equipment and installation costs will be recovered. Most customers want
15 a maximum 7-10 year payback period.

16 **Q. How would NIPSCO's "no netting" and approximate 2.6 cents per kWh EDG**
17 **proposal impact customer payback periods?**

18 A. NIPSCO's proposals would increase the customer payback period to over 20 years.
19 Currently, residential customer solar investment payback is typically estimated to
20 be 7-10 years. This is using a projected 3% future inflation rate. NIPSCO's
21 proposal would more than double this payback period.

1 **Q. What is the current status of the federal tax credit for solar installations?**

2 A. The federal Investment Tax Credit (“ITC”) currently is 26%. The 26% credit would
3 have expired but was briefly extended with the December 2020 Covid Stimulus
4 Bill. In 2023, or only six months after NIPSCO’s EDG Rider is scheduled to go
5 into effect, the ITC will step down to a 22% tax credit. Beginning in 2024, the
6 commercial ITC drops down to 10%, and the residential ITC will be eliminated for
7 new systems. As ITC steps down and later ends, customer payback periods
8 increase.

IV. HARM TO INDIANA’S ECONOMY

9 **Q. What would be the impact of NIPSCO’s proposals on customers’ interest in**
10 **investing in solar generation?**

11 A. The resulting lengthening of customer investment payback period would make
12 NIPSCO customers extremely reluctant or unwilling to make the investment in
13 solar. This will be devastating to Indiana’s solar industry, resulting in job losses
14 and market contraction to an industry that was just beginning to blossom. This will
15 push Indiana solar jobs and new job opportunities backwards instead of moving
16 forward.

17 **Q. What would be the impact of NIPSCO’s current EDG proposal on your**
18 **Company and other Indiana solar installation companies?**

19 A. It will be very detrimental to our business. My company alone currently employs
20 13 people, and we hope to hire more. We also engage many subcontract workers.
21 NIPSCO’s proposals could force us to lay off workers and possibly no longer install
22 solar energy systems in NIPSCO’s service area. Instead of focusing on investing
23 our time and resources in Indiana, we and other Indiana solar companies would

1 have to shift focus to neighboring states that treat solar installations reasonably,
2 rather than punishing solar participants. For example, not far from us in Michigan,
3 new residential DG customers receive substantially higher export credits. The
4 credit rate for Indiana Michigan Power Company's Michigan new customers'
5 exports, for example, is \$0.10024/kWh, about four times as much as NIPSCO's
6 proposed compensation rate right across the state line in Indiana. Similarly,
7 Consumers Energy new residential customers' credit is \$0.119655/kWh for
8 summer on-peak, \$0.080485/kWh for summer off-peak, and \$0.084785/kWh for
9 all exports in non-summer months. If after July 1, 2022, the Indiana regulatory
10 framework for EDG will be like that proposed by NIPSCO, we will likely shift our
11 business focus out of Indiana. We will cut our Indiana work force and replace them
12 with out of state workers.

13 Other Indiana solar installation companies will suffer the same financial harm from
14 EDG proposals like NIPSCO's and will logically shift their solar business focus,
15 employment opportunities, and financial stimulus to neighboring states that treat
16 solar customers reasonably.

17 **Q. What economic contribution does your solar business alone make to the**
18 **wellbeing of NIPSCO's service area and in Indiana as a whole?**

19 A. Last year, our solar business did \$3,498,664.00 of projects in Indiana as a whole
20 and \$2,033,377.00 of projects in NIPSCO's service area alone. We paid
21 approximately \$1,150,000.00 in Indiana wages with benefits estimated at an
22 additional 30%. We also regularly hire union electricians and local contractors.
23 When possible, we purchase materials and supplies locally. The money we inject
24 into Indiana's economy gets re-spent and invested by the Hoosier recipients several

1 times before those dollars leave Indiana. The business pays state and local taxes
2 improving the ability of government to provide public services. I believe Ag
3 Technologies solar business makes a substantial contribution to the economic well-
4 being of Indiana and Hoosiers in NIPSCO's service area.

5 The Indiana operations of other Indiana solar installation companies provide the
6 same types of economic benefits. Some have business operations larger than mine.
7 EDG proposals like NIPSCO's will financially harm Indiana solar businesses and
8 the jobs, economic development, and stimulus they currently create.

9 **Q. Does Indiana and local government benefit from your solar business activity?**

10 A. Yes. Our company, employees, and contract workers pay local and state income
11 taxes and sales taxes. The economic stimulus we create spurs more tax revenues
12 from ripple effect beneficiaries as wages and profits get spent in local economies.

13 **Q. Is NIPSCO's service area the only area of Indiana in which Ag Technologies**
14 **does business?**

15 A. No, it is not. But all the other Indiana investor-owned utilities have filed EDG cases
16 proposing instantaneous netting and low EDG rates that would also dramatically
17 lengthen customer investment payback periods. Approval of these punitive EDG
18 proposals would force our company and other solar companies to focus business
19 efforts in nearby states that do not discourage customer investment in solar energy
20 generation and offer substantially higher EDG rates, e.g. 9 to 11 cents / kWh.

V. BENEFITS OF CUSTOMER OWNED SOLAR GENERATION

1 **Q. Please describe the benefits that distributed customer owned solar generation**
2 **bring to NIPSCO and all NIPSCO customers.**

3 A. Distributed solar generation has many benefits. First is improvement to the
4 environment by displacing the need to burn carbon emitting coal, diesel, or natural
5 gas to generate electricity. Second is reduced load on the transmission system.
6 Electricity follows the path of least resistance, and DG export energy is therefore
7 consumed by other NIPSCO customers in the area it is generated. Third is reduced
8 demand for electricity in daylight hours resulting in decreased purchased power,
9 including during peak demand hours. Customer owned solar is an extraordinary
10 form of customer financed demand side management reducing or eliminating solar
11 customer peak period demand and shaving the utility's total peak demand. But
12 instead of solar customers receiving additional compensation for this customer
13 financed demand side management, NIPSCO treats customer solar as punitively as
14 possible with no netting and low EDG rates. Fourth is reduced transmission line
15 loss by having the solar energy output used in the proximity of the customer
16 demand. The reduced transmission load and line loss can be particularly financially
17 beneficial for reliability during periods of peak customer demand, often
18 encountered on very hot, sunny, humid summer days. Fifth is avoided carbon-
19 based fuel use and costs, among many other benefits not listed here.

20 **Q. What direct economic benefits have customer-owned solar brought to all**
21 **Hoosiers and to state and local Indiana governments?**

22 A. Customer-owned solar brings jobs and the economic stimulus they create. The
23 Indiana solar industry has grown substantially over the past ten years. The number
24 of solar jobs has increased to approximately 3,400 in 2020. The solar industry also

1 engages in substantial contract work, often with union electrical workers. It buys
2 local goods and materials. All of those economic benefits are multiplied by the
3 ripple effect of solar employees' contractors and merchants spending their solar
4 industry earnings locally in Indiana. State, county and municipal governments all
5 thereby benefit from the various tax revenues that the solar economic stimulus
6 creates. The full Solar Foundation 2020 Report describing the growth in solar jobs
7 is available at <https://www.thesolarfoundation.org/national/>.

VI. OTHER REASONS WHY NIPSCO'S EDG PROPOSALS ARE UNJUST, UNREASONABLE AND INEQUITABLE

8 **Q. You have described EDG's harm to NIPSCO customers, to NIPSCO solar**
9 **installers, and to the Indiana and NIPSCO service area economies. Are there**
10 **other aspects of NIPSCO's EDG proposals that in your opinion are unjust and**
11 **should be discussed?**

12 A. Yes, there are. Solar installation companies like mine endured the cost and struggle
13 of starting new Indiana businesses. We overcame all the challenges and created
14 successful solar installation businesses. At the same time, investor-owned electric
15 utilities were promoting high cost, rate increasing rate base additions for coal fired
16 pollution control and huge new gas fired generation. Now their focus is on
17 customers paying for remaining net investments in old coal fired generation and
18 shifting to large scale solar and wind farms. But as they make the transition to
19 renewable energy, NIPSCO and others ask to deploy an EDG regime that clearly
20 serves to financially constrict or end new customer solar DG and the businesses
21 that install customer solar. It is one thing to have a monopoly service area for retail
22 sales of electricity. But it's completely inequitable and unfair to then seek

1 regulatory treatments that serve to prevent customers from using the sun to
2 illuminate, cool, and heat their homes with their own solar generation. The sun
3 shines to sustain all our lives, not to become the monopoly tool of NIPSCO and
4 other utilities. So severely restricting the value of customers' monthly solar
5 generation exports moves NIPSCO into monopolizing solar energy generation in
6 its service area. Moreover, NIPSCO has done nothing in its EDG proposal to offer
7 customers value for DG's environmental benefits, operational benefits like reduced
8 line losses, and peak shaving. I believe NIPSCO's EDG proposals are punitive,
9 seek to prevent customers from installing solar generation, and are unjust and
10 unreasonable.

11 **Q. What are your recommendations to the Commission?**

12 A. The Commission should reject NIPSCO's "no netting" and overall EDG proposal.

13 **Q. Does this conclude your testimony?**

14 A. Yes, it does at this time.

VERIFICATION

I, Jim Straeter, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.



Jim Straeter

July 27, 2021_____