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September 19, 2023

Erik Helland, Chair  
Iowa Utilities Board  
1375 E. Court Ave.  
Des Moines, IA 503419-0069

Re: Docket No. NOI-2023-0001, Pre-comments for Policy Charette #2

Dear Chair Helland,

Thank you again for the continued opportunity to provide feedback on Iowa's ratemaking laws, procedures and administrative rules. The series of policy charettes in this Inquiry are engaging stakeholders and bringing together diverse expertise, and we were pleased to provide comments for and participate in Charette #1.

In our comments for Charette #1, the Midwest Energy Efficiency Alliance (MEEA) addressed the benefits to Iowa if the state were to adopt Integrated Resource Planning (IRP) for the state's electric utilities. For Charette #2, we provide examples of policies and practices related to IRP from other states in the Midwest, focusing on Indiana, Michigan and Minnesota, the Midwest states with robust, statewide IRP frameworks. These comments summarize the IRP process in each state, with links to relevant statutes and administrative rules, and highlight some of the key features of each state's process.

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## **Integrated Resource Planning in Indiana**

Indiana Code requires electric utilities to file integrated resource plans that consider both supply and demand-side resources to meet future energy needs. The Indiana Utility Regulatory Commission (IURC) IRP rules require the state's generating utilities to file IRPs every 3 years, on a staggered schedule, covering a 20-year planning horizon.

The IRP process in Indiana is uncontested and undocketed. The IURC has the authority to accept the submitted IRP and to provide a report from staff on how well the IRP complied with requirements. The IURC does not have authority to modify or reject an IRP.

### *Statute – Indiana IRPs*

- [IC 8-1-8.5-3](#)<sup>1</sup>

### *Rules – Indiana IRPs*

- [170 IAC 4-7](#)<sup>2</sup>

### *Indiana IRP Highlights*

**IRP summary page.** The IURC maintains a webpage<sup>3</sup> that has filings from each utility's most recent IRP, as well as archives of past IRPs at a linked page. With IRPs being non-docketed in Indiana, it is important to have this repository to maintain a public record. The listings for IRPs include utility submissions, the draft and final reports from the Director of the IURC's Resource, Policy and Planning Division, as well as stakeholder comments on the plan and reports.

**EE consistency with IRP.** By statute<sup>4</sup>, the commission must consider whether a utility's 3-year energy efficiency plan is consistent with "the most recent long range integrated resource plan submitted to the commission" when making its determination of the reasonableness of the EE plan.

**Three-year schedule.** IRPs are required from all generating utilities in Indiana, on a rotating 3-year schedule. The commission may, and often does, approve extensions to filing dates. IRP filings are also staggered such that the IRP should be submitted the year before the utility's next energy efficiency portfolio plan filing (which are also staggered in Indiana), because of the requirement for consistency between the two plans.

**Stakeholder process.** The public advisory process requirements<sup>5</sup> for Indiana's IRPs call for at least 3 public meetings within the utility service territory. The meetings require discussion of the load forecast, the utility's evaluation of supply- and demand-side resources, the scenarios and sensitivities used in modeling, and the utility's preferred resource portfolio. Meeting materials and minutes are published on the utility's website. The public advisory process requirements exclude publicly-owned utilities.

**IRP Contemporary Issues Technical Conference.** The IURC holds an annual IRP Technical Conference<sup>6,7</sup> that reviews current best practices, standardization of IRP formats, and

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<sup>1</sup> <https://iga.in.gov/legislative/laws/2018/ic/titles/008/#8-1-8.5-3>

<sup>2</sup> <http://www.in.gov/legislative/iac/T01700/A00040.PDF>

<sup>3</sup> <https://www.in.gov/iurc/energy-division/electricity-industry/integrated-resource-plans/>

<sup>4</sup> IC 8-1-8.5-10(j) (3)

<sup>5</sup> 170 IAC 4-7-2.6

<sup>6</sup> 170 IAC 4-7-2.7

<sup>7</sup> <https://www.in.gov/iurc/research-policy-and-planning-division/irp-contemporary-issues-technical-conference/>

other issues. This annual conference makes utilities and stakeholders aware of new developments in IRP forecasting, modeling, and other issues that commission staff want to see adopted in future IRPs. The 2022 Technical Conference included presentations on MISO and PJM resource adequacy constructs, reliability planning, metrics for demand response, and interactions between energy efficiency and demand response. The commission maintains an archive of past conferences, which have been presented annually since 2013. We recommend that, if Iowa adopts IRP, IUB staff review this archive. Staff should also consider attending the 2023 Technical Conference, which will be held remotely on October 20, 2023.<sup>8</sup> Establishing a similar conference in Iowa would help make sure that Iowa's generating utilities engage in IRPs that use consistent and up-to-date best practices.

**All-Source RFP.** Cost sensitivities and available resources for Indiana's IRPs are based on responses from an All-Source RFP solicitation for future resources. This competitive procurement practice helps the utilities to assess the type, size and location of potential future resources, and if selected by the IRP, those resources can be contracted. This practice helps increase competitiveness in the market and ensures that the utility is using accurate, market-based cost estimates for its modeling. The All-Source RFPs have been used since 2019, and examples and discussion can be found in the utility IRP submissions on the IURC's IRP webpage.

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## Integrated Resource Planning in Michigan

Michigan has two distinct integrated resource planning (IRP) processes. The first is triggered when utilities seek a Certificate of Necessity (CON) for a new power plant, transmission project or major power purchase contract. When pursuing a CON, the utility must show that it has established the need for that capacity through an approved integrated resource plan. The criteria for a CON apply to utilities developing projects over \$100 million in size. The Michigan Public Service Commission (MPSC) is authorized to establish CON IRP standards, including projected energy efficiency and demand response savings.

Under the second IRP process, utilities must submit periodic IRPs to the MPSC according to various criteria, with 5-, 10- and 15-year load forecasts. The MPSC is required to provide the utilities with baseline modeling assumptions and scenarios to be used for future IRP filings. In their IRPs, utilities are required to demonstrate that plans meet energy waste reduction (Michigan's term for energy efficiency) requirements, to

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<sup>8</sup> To get on the mailing list for the IRP Contemporary Issues Technical Conference, email Beth Heline, General Counsel, at [BHeline@urc.in.gov](mailto:BHeline@urc.in.gov).

evaluate all supply-side and demand-side resources and to estimate the various rate impacts.

IRPs in Michigan are docketed, contested proceedings.<sup>9</sup> The MPSC has the authority to approve or deny the IRP, or to make recommendations for changes, allowing for revision and resubmission.

### *Statute – Michigan IRPs*

- [MCL § 460.6s](#) (1939 PA 3, as amended by 2016 Act 341)<sup>10</sup> – Certificate of Necessity
- [MCL § 460.6t](#) (1939 PA 3, as amended by 2016 Act 341)<sup>11</sup> – Periodic IRPs / Energy Waste Reduction

### *Michigan IRP Highlights*

**Resource planning summary page.** The MPSC maintains a webpage related to resource planning, as well as transmission planning.<sup>12</sup> It includes links to the 2017 Order<sup>13</sup> that established the current IRP filing requirements, and to the 2018 Order<sup>14</sup> approving statewide IRP parameters.

**Link to energy waste reduction.** Utility IRPs are required by statute<sup>15</sup> to detail plans for energy waste reduction, load management and demand response through the horizon of the plan, and to demonstrate how they contribute to meeting the state's goal of 35% of electric needs<sup>16</sup> through EWR and renewable energy by 2025.

**Statewide IRP parameters.** Under the statutory requirements for IRPs, the MPSC must assess demand response and energy waste reduction potential statewide, including establishing parameters for key inputs such as planning reserve margin levels, and statewide modeling scenarios and assumptions to be used by each utility. As a condition of approval of its IRP, each utility must demonstrate compliance with the Michigan Integrated Resource Planning Parameters, as approved.<sup>17</sup> If Iowa adopts IRP,

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<sup>9</sup> Michigan IRP dockets can be found by searching for "MCL 460.6t" on the MPSC's E-Dockets system at <https://mi-psc.force.com/s/>

<sup>10</sup> [http://www.legislature.mi.gov/\(S\(eo5jmbytodijwmodw5f2fo4s\)\)/mileg.aspx?page=getObject&objectName=mcl-460-6s](http://www.legislature.mi.gov/(S(eo5jmbytodijwmodw5f2fo4s))/mileg.aspx?page=getObject&objectName=mcl-460-6s)

<sup>11</sup> [http://www.legislature.mi.gov/\(S\(0krip2cosohrjt52nsvhxbi\)\)/mileg.aspx?page=getObject&objectName=mcl-460-6t](http://www.legislature.mi.gov/(S(0krip2cosohrjt52nsvhxbi))/mileg.aspx?page=getObject&objectName=mcl-460-6t)

<sup>12</sup> <https://www.michigan.gov/mpsc/regulatory/electricity/resource-planning>

<sup>13</sup> <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t0000001X2e0AAC>

<sup>14</sup> <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t0000001UYSyAAO>

<sup>15</sup> MCL § 460.6t(5)(d-f)

<sup>16</sup> MCL § 460.1001(3)

<sup>17</sup> <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t0000001UYSyAAO>

a similar process with statewide parameter and scenario setting will help to provide consistency and transparency to utility IRPs.

**Five-year schedule.** Every five years, the MPSC must initiate a proceeding to update the statewide IRP parameters. Utilities are required to file an application for review of IRPs no later than 5 years after the most recent order approving a plan or plan modification.

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## Integrated Resource Planning in Minnesota

Minnesota Public Utility Commission (PUC) rules require utilities to file integrated resource plans (IRPs) that consider all resources to meet future energy needs, including demand-side resources from controlling customer loads and implementing customer energy conservation. Plans are filed biennially and must include a 15-year forecast of future energy needs.

Utilities filing a Certificate of Need application seeking to expand generation or transmission capacity must also include a load forecast and information about their energy efficiency activities.

Minnesota IRPs are conducted as an uncontested proceeding<sup>18</sup>, but are docketed<sup>19</sup>. The PUC has the authority to accept, deny or modify the IRP, or to request additional information. The PUC may also choose a preferred resource plan which need not be one of the scenarios proposed by the utility or another party.<sup>20</sup>

### *Statutes – Minnesota IRPs*

- [Minn. Stat. 216C.05](#)<sup>21</sup>

### *Rules – Minnesota IRPs*

- [Minn. R. 7843](#)<sup>22</sup>

### *Minnesota IRP Highlights*

**Investigation into gas utility resource planning.** In 2023, the PUC opened an investigation<sup>23</sup> into developing gas integrated resource plans. The workshops

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<sup>18</sup> Minn. R. 7843.0500, Subp. 9

<sup>19</sup> To find Minnesota IRP dockets, search for Docket Type “Resource Planning” at the MN Dept. of Commerce [eDockets](#).

<sup>20</sup> Minn. R. 7843.0500, Subp. 2

<sup>21</sup> <https://www.revisor.mn.gov/statutes/cite/216C.05>

<sup>22</sup> <https://www.revisor.mn.gov/rules/7843/>

<sup>23</sup> Docket number: G008,G002,G011/CI-23-117. Search for “23-117” at MN Dept. of Commerce [eDockets](#).

conducted under this docket are meant to identify changes to gas utility regulatory and policy structures needed to meet state climate goals and to inform the development of a resource planning framework that will help the utilities meet those goals. The established timeline for the process includes monthly meetings through Q3 2024. It will be useful for staff and advocates to monitor this docket to learn from Minnesota's experience.

**Two-year schedule.** Electric utilities in Minnesota are required to submit a proposed resource plan every two years.<sup>24</sup> Utilities are staggered, so some utilities file in even years and others in odd years.

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## Other Considerations

**Consistent Benefit-Cost Analysis.** One of the principles of the National Standard Practice Manual (NSPM)<sup>25</sup> is that distributed energy resources (DERs) from both the supply and demand sides should be evaluated using a consistent cost-effectiveness test. The NSPM framework guides states and other jurisdictions through the process of developing a Jurisdiction-Specific Test (JST) that is consistent with state policy goals.

If Iowa establishes an IRP, the Board should consider developing an Iowa-specific JST for benefit-cost analysis of EE - and all DERs - using the same test. There are two notable experiences in the Midwest to provide insight into this process, again coming out of Minnesota and Michigan.

In Minnesota, the Dept. of Commerce established the "Minnesota Cost Test" for all utilities to use for benefit-cost analysis in their Conservation Improvement Plan (CIP) energy efficiency filings for 2024-2026. The stakeholder-driven process to develop the test took place throughout 2021-2022. Workshop materials from the eight stakeholder meetings, public comments and decisions in that case<sup>26</sup> comprise a valuable case study of the application of the NSPM.

In Michigan, the MPSC has established an investigation<sup>27</sup> into DERs and integrated distribution planning. In the Order of July 27, 2022, in that docket, utilities were instructed to use the NSPM to develop a proposed cost-effectiveness test for DER pilot programs.

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<sup>24</sup> Minn. R. 7843.0500, Subp. 2

<sup>25</sup> <https://www.nationalenergyscreeningproject.org/national-standard-practice-manual/>

<sup>26</sup> Docket number: E,G999/CIP-23-46. Search for "23-46" at MN Dept. of Commerce [eDockets](#).

<sup>27</sup> Docket number: [U-20898](#); <https://mi-psc.force.com/s/case/500t000000ZLHNzAAP/in-the-matter-on-the-commissions-own-motion-to-commence-a-collaborative-to-consider-issues-related-to-new-technologies-and-business-models>



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The utilities' filing on February 1, 2023, of a proposed test and the response filings and public comments present examples of how a test can incorporate more than just energy efficiency. The investigation is ongoing, and it would be useful for staff to monitor, as the MPSC will make a determination regarding the components of their pilot program test at some point.

**Energy Equity.** Iowa's current legislative requirement for energy efficiency to pass the RIM test is misguided and outdated, substantially limiting the amount of energy efficiency that can be achieved. To make significant progress on advancing energy efficiency and DERs, that statutory requirement could be amended to remove the RIM requirement and allow for creation of a JST.

Indeed, the RIM is widely discredited as a valid cost-effectiveness test. In our experience, it is typically wielded as tool by opponents of energy efficiency to limit available energy efficiency measures in the name of "fairness." The RIM specifically, and benefit-cost analysis in general, are a poor methods for testing fairness and customer equity. To understand whether customers are being fairly impacted by energy programs, a different type of analysis is needed. Guidance on conducting Distributional Equity Analysis (DEA) to show how proposed EE and DER programs impact vulnerable populations is forthcoming this fall from E4theFuture and Lawrence Berkeley National Laboratory. Establishing a DEA process and using a JST that supports Iowa's policy goals to conduct benefit-cost analysis would put Iowa on the path towards truly fair and equitable energy resource planning.

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We would like to thank the Board for the opportunity to provide additional comments on this important topic, and we look forward to participating in the remaining charrettes.

Sincerely,

Paige Knutsen, Executive Director