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POSITION STATEMENT ON RENEWABLE ENERGY

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The term Renewable Energy is on the tip of everyone's tongue, but it means something different to everyone. In its simplest term, it means any source of energy other than coal, natural gas and oil. Renewable Energy sources are those that can be quickly replaced, usually through the sun's effect on the earth. Renewables are often confused with low carbon sources of energy, but not all are. In fact, some question if renewables are as benign as all have assumed. Some speculate larger order impacts to our environment, but in different form. Until the utilization of renewable energy becomes larger, this impact is only speculation.

INDIEC's position on renewable energy is:

- To the extent Indiana wants to encourage more investment in renewable energy, it should consider ways to create a market for renewables rather than mandate utility purchases. For example:
 - Encourage existing manufacturers to invest in renewable projects at their facilities.
 - Encourage utilities to offer voluntary green power tariffs.
 - Utilities can facilitate behind-the-fence projects by offering reasonable back-up tariffs and being allowed to count behind-the-fence renewable projects toward any renewable requirements standards.
- Renewable energy production should be cost effective.
- Renewable energy should be part of the overall utility's resource plan in accordance with the least-cost standard.
- Funding for renewable energy projects should be similar to traditional investments in power plants or transmission lines. Trackers are not appropriate for renewable resource development or other major assets.
- The cost to develop and install the infrastructure required to connect the renewable resource to the grid should be a part of the renewable project itself.
- Costs to upgrade the transmission infrastructure, whether for renewable or traditional generation should be spread out equally to all those in the region who will receive its benefits.
- A separate standard and nomenclature for low carbon energy should be established to minimize the confusion between Renewable and Low Carbon energy.
- Research and development cost for renewable and low carbon energy sources should be funded by the government and tax dollars, and shared with all. Funding by individual utilities is ineffective and unduly burdens the local customers of that utility.

- Renewable Energy Credits must be verifiable.
- The used and useful standard of utility regulation should continue to be used as a protection to customers against failed utility attempts to deliver renewable resources. Just as with all industries, the shareholders bear the burden of development costs and receive returns from completed, marketable products.
- Utilities should not be given incentives to install renewable energy. If the public deems renewable energy is needed, it is the utility's responsibility to offer reasonable alternatives.

It is INDIEC's position that renewable and low carbon energy should be a portion of the portfolio of generation where it is economically viable.

The "used and useful" standard should continue to be used to provide the utilities a fair return on their investments. The used and useful standard does not leave the customer on the hook if the utility fails to choose wisely or implement in a timely fashion. Utilizing a full rate case process insures that all costs and savings are considered. Trackers or riders are a "one-of" type of regulation that typically adds cost to the customer and revenue to the utility, but never considers the benefits of savings, or offsetting costs. Without a full rate case, utility rates have no checks and balances, utility company return soars and customers are left with higher rates.