



February 12, 2019

Katherine Collier
Executive Secretary
Mississippi Public Service Commission
PO Box 1174
Jackson, MS 39215-1174

RE: **MPSC Docket No: 2018-AD-64**
ORDER ESTABLISHING DOCKET TO INVESTIGATE THE DEVELOPMENT AND
IMPLEMENTATION OF AN INTEGRATED RESOURCE PLANNING RULE

Dear Ms. Collier,

Please find attached the comments of the 25x'25 Alliance responding to the Mississippi Public Service Commission's request for comments on the proposed draft Integrated Resource Planning Rule developed by Entergy Mississippi, Inc. "that combines long term resource planning with the planning and implementation of energy efficiency programs" for regulated electric utilities in Mississippi.

Thank you for the opportunity to provide comments in regards to the above referenced Order. Please contact me if you should have any questions.

Sincerely,

A handwritten signature in purple ink that reads "Brent Bailey".

Brent Bailey
State Activities Coordinator
25x'25 Alliance
107 Cedar Ridge Dr.
Canton, MS 39046
bbailey@25x25.org
Telephone: (601) 573-4815

CERTIFICATE OF SERVICE

I hereby certify that the parties listed below have been served via email with a copy of the Comments of the 25x'25 Alliance:

Katherine Collier, Executive Secretary
Mississippi Public Service Commission
katherine.collier@psc.state.ms.us

Frank Farmer, Attorney for the Commission
Mississippi Public Service Commission
frank.farmer@psc.state.ms.us

Virden Jones, Executive Director
Mississippi Public Utilities Staff
virden.jones@psc.state.ms.us

Chad Reynolds, General Counsel
Mississippi Public Utilities Staff
chad.reynolds@psc.state.ms.us

These comments were also submitted via electronic mail to: efile.psc@psc.state.ms.us

This 12th day of February 2019.

Brent Bailey

Brent Bailey

BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

DOCKET NO. 2018-AD-64

**MISSISSIPPI PUBLIC SERVICE
COMMISSION**

**ORDER ESTABLISHING DOCKET TO
INVESTIGATE THE DEVELOPMENT
AND IMPLEMENTATION OF AN
INTEGRATED RESOURCE PLANNING
RULE**

**COMMENTS OF THE 25X'25 ALLIANCE REGARDING THE RULE 29 PROPOSED BY
ENTERGY MISSISSIPPI, INC. DEFINING THE INTEGRATED RESOURCE PLANNING
PROCESS FOR REGULATED ELECTRIC UTILITIES IN MISSISSIPPI**

1. Introduction

The 25x'25 Alliance ("25x'25") hereby submits its comments to the Mississippi Public Service Commission ("Commission") in response to its Order seeking comments on the proposed draft Integrated Resource Planning ("IRP") rule ("EMI Rule") developed by Entergy Mississippi, Inc. ("EMI") "that combines long term resource planning with the planning and implementation of energy efficiency programs" for regulated electric utilities in Mississippi, including whether the EMI Rule should be adopted or rejected.

Formed in 2004, the 25x'25 is a national coalition united behind the goal of securing 25 percent of the nation's energy needs from renewable sources by the year 2025. To date, the 25x'25 goal has been endorsed by nearly 1,000 partners, 35 current and former governors, 15 state legislatures and the U.S. Congress through The Energy Independence and Security Act of 2007.

The Commission is to be commended for the careful and thoughtful approach it has undertaken to date to establish a rule structure under which an IRP process will be defined and executed to provide the maximum benefit to ratepayers in the state. The Commission's willingness to solicit and consider stakeholder feedback on the EMI Rule is necessary to ensure that the ultimate IRP rule is designed well.

Nevertheless, 25x'25 has serious concerns with the EMI Rule and has detailed many of these concerns in the comments below. The primary concern stems from the fact that many times the strongest incentives of investor-owned utilities are revenues and profits and these incentives often do not align with the maximization of ratepayer benefits. EMI and its parent corporation shares this inherent bias. Given this, 25x'25 is weary of using a rule written by EMI as a strawman or starting point for the development of a final IRP rule. While stakeholders can identify issues and concerns, they may not be able to foresee all unintended consequences of language written by EMI. In particular, the EMI Rule has fundamental omissions of best practices detailed in 25x'25's initial comments from August 1, 2018. As such, 25x'25 recommends that the Commission develop their own rule borrowing from recognized best practices and successful experiences in other states as a starting point.

25x'25 supports the Commission's efforts as outlined in their original Order and hopes that the concerns of the EMI Rule raised by stakeholders will enable the Commission to move swiftly to draft, adopt and implement a comprehensive IRP rule.

1.1. Background on why a robust IRP rule is needed in Mississippi

Over the last decade, resource planning decisions made by Mississippi utilities have had a major and detrimental impact on electricity customers in the Magnolia State. Perhaps the most prominent example is the integrated gasification combined cycle (IGCC) power plant in Kemper County, which cost Mississippi electricity customers over \$1 billion and was never completed as intended. The technology planned for Kemper County IGCC was unproven at scale and remains unviable to this day. With the benefit of hindsight, it is clear that certain risk factors were not fully considered when the Commission approved the Certificate of Public Convenience and Necessity (CPCN) for Mississippi Power Company (MPC) to build the Kemper County IGCC in 2010. Had an IRP process been in place at the time, it would have provided a forum to more fully consider those risk factors and determine whether the plant was a sound investment relative to the actual needs of the system.

Utilities throughout the southeastern U.S. have experienced similar problems with other large plant investments. For example, in South Carolina, cost overruns related to the construction of two additional reactors at the VC Summer Nuclear Generating Station resulted in nine rate hikes for customers (totaling \$2 billion), multiple ongoing lawsuits, and still no completed reactors in the 10 years since full regulatory approval.¹

Meanwhile, EMI has continued to pursue supply-side resource investment decisions such as the 810 MW Choctaw Energy Facility² and the 100 MW Sunflower Solar Facility.³ In the view of 25x'25, additional scrutiny must be applied to these resource acquisition decisions, specifically whether they have been procured and financed in a manner that maximizes benefits to ratepayers.

In order to safeguard against the unintended consequences of major resource decisions like the Kemper County IGCC, it is critical that the Commission adopt an IRP process that is robust enough to consider alternatives and incorporate stakeholder feedback. Maximizing the transparency of the process, objectives, and analyses included in the IRP is key to ensuring utilities avoid unnecessary risk and costs to customers.

1.2. Procedural history and MS PSC rulemaking authority

On April 30, 2008, the Commission issued an Order establishing a docket for the purpose of developing an on-going review of the energy needs of the state of Mississippi and evaluate the long-range needs for expansion of facilities for the generation of electricity.⁴ In its Final Comments, the Attorney General of the State of Mississippi stated that “it is imperative that fair and open processes be created to address all available resources and how best to meet customers’ needs. Specifically, this should be done by developing an integrated resource planning (IRP)

¹ Alex Crees, Choose Energy, *The failed V.C. Summer nuclear project: A timeline*, December 4, 2018, <https://www.chooseenergy.com/news/article/failed-v-c-summer-nuclear-project-timeline/>

² Entergy Mississippi, Inc. *Entergy Mississippi Continues to Modernize its Generating Fleet*, August 22, 2018, <https://www.prnewswire.com/news-releases/entergy-mississippi-continues-to-modernize-its-generating-fleet-300700661.html>

³ Entergy Mississippi, Inc. *Entergy Mississippi, Recurrent Energy Partner on Sunflower Solar Site*, November 8, 2018, <https://www.prnewswire.com/news-releases/entergy-mississippi-recurrent-energy-partner-on-sunflower-solar-site-300746219.html>

⁴ See MPSC Docket No. 2008-AD-158, Proceeding to Review Statewide Electric Generation Needs

process that includes use of market-based mechanisms by utilities.”⁵ In short, the Attorney General found that adopting an integrated resource planning process is in the public interest.

On July 11, 2013, the Commission entered its Final Order Adopting Rule in Docket No. 2010-AD-2, adopting Rule 29 of the Commission’s Public Utilities Rules of Practice and Procedures, entitled “Conservation and Energy Efficiency Programs.” Section 102 of Rule 29 requires that “each electric and natural gas utility serving more than 25,000 customers and subject to the jurisdiction of the Commission shall file with the Commission for its approval a Quick Start Plan for energy efficiency programs for its service territory...” Within six months following the order adopting Rule 29, all impacted utilities submitted Quick Start Plans for Commission consideration. We are now entering the fourth year of Quick Start Programs.

In May 2018, the Commission issued an Order that established Docket 2018-AD-64 to investigate and consider the development and adoption of a rule defining an IRP process for regulated electric utilities in Mississippi. Stakeholders were invited to submit written comments regarding the development and adoption of a rule defining an IRP process for Mississippi.

In August 2018, stakeholders, including 25x’25, filed comments in response to the Commission order. As part of its comments, EMI submitted for Commission’s consideration a proposed IRP Rule that would replace the Commission’s existing Rule 29 (Energy Conservation and Efficiency Rule). This IRP Rule was written by EMI and is **not** a product of the Commission or Mississippi Public Utilities Staff.

The Commission issued an Order requesting that stakeholders provide written comments evaluating the EMI Rule. According to the Order, the Commission does not at this juncture propose to adopt the EMI Rule as its own, but merely seeks comments from all interested and affected parties on the form and substance of the EMI Rule.

2. 25x’25 Framework for Evaluation of Proposed EMI Rule

In initial comments filed with the Commission on August 1, 2018, the 25x’25 Alliance provided recommendations on 1) the process and objectives guiding the development of the IRP, 2) the information and analyses included in the IRP, and 3) the actions linked to the IRP process. These recommendations were based on sound economic theory, regional IRP best practices, and were intended to advance the public interest. Moreover, 25x’25’s initial comments provide a framework for evaluating any future IRP process, including the EMI Rule. Below is the full list of recommendations for each category that 25x’25 provided in its initial comments.

1. Process and objectives guiding the development of an IRP

1. The IRP process should have a clear objective that is articulated by the Commission and reflects the public interest.
2. The IRP process should include opportunities for meaningful stakeholder participation. The Commission should also consider its role in overseeing this stakeholder process.

⁵ MPSC Docket No. 2008-AD-158; Attorney General’s Final Comments; September 12, 2008.

3. The IRP process should maximize transparency by identifying steps that utilities must take to provide stakeholders with access to data and information used in the process.
4. The IRP process and planning horizon being considered should have clear timelines.
5. The IRP process should include oversight from an independent evaluator.

II. Information and analysis included in the IRP

1. The IRP should include a well-documented load forecast that includes a range of possible outcomes. Customer resource impacts should also be clearly delineated.
2. The IRP should include a well-documented timeline of resource additions and retirements.
3. The IRP should present in a standardized format key sets of data and information to ensure clarity and completeness.
4. The IRP should include analysis of multiple resource portfolios that are sufficiently distinct from one another.
5. The IRP should include a set of metrics to evaluate performance of each resource portfolio against the Commission's stated objectives.
6. The IRP should consider all resource options on a consistent and comparable basis in any analysis conducted. This includes both supply-side and demand-side resources, as well as both new and existing resources.
7. The IRP should follow guidance from the Commission on how utility modeling studies should be conducted to ensure transparency and accuracy.
8. The IRP should include sensitivity analyses be conducted for key variables that pose substantial risk or uncertainty.

III. Actions linked to the IRP process

1. The IRP approval process, its significance, and its relation to other Commission actions should be clearly articulated.
2. The IRP should include a near-term action plan that provides the Commission an opportunity to approve (or reject) near-term resource decisions.
3. Competitive resource procurements requests should be conducted to inform development of a near-term action plan.
4. The IRP process should be able to accommodate improvements for future IRP cycles.

3. Evaluation of the EMI Rule and Recommendations to the Commission

25x'25 has analyzed the EMI Rule in relation to the best practice areas outlined in the previous section and in its initial comments. As currently drafted, 25x'25 believes there are several areas where the proposed rule falls short in adhering to these best practices and should be rejected to better serve the public interest and avoid suboptimal resource planning decisions. We organize our comments on these deficiencies in the proposed EMI Rule into the three key areas outlined in the previous section.

I. Process and objectives guiding the development of an IRP

- 1. The EMI Rule does not fully capture the high-level purpose of IRP planning and should include a more clearly articulated set of objectives that reflect the public interest.***

The IRP must be crafted to ensure safe, reliable, and affordable electricity. 25x'25's initial comments expressed the need for the IRP process to have a clear, articulated objective put forth by the Commission that reflects the public interest. This is necessary because an IRP process could result in a range of planned developments depending on the intended goal, as 25x'25's initial comments described.

Regarding the objectives of the IRP process, the EMI Rule states the following:

“The objectives of the Utility Resource Plan include, but are not limited to, reliable, adequate, and reasonably-priced service; economic efficiency; financial integrity of the utility; comparable consideration of available and commercially-proven demand-side and supply-side resources; reasonable mitigation of potential risks; consideration of future environmental impacts and associated costs; and consistency with governmental regulation and policies.” (Section 200.1)

25x'25 recognizes that the expressed objectives of the IRP process can have considerable impact on the resulting resource decisions. 25x'25 recommends that the Commission carefully articulate objectives based on the stakeholder feedback of 25x'25 and others in this Docket. 25x'25 is concerned that the EMI Rule includes a list of objectives that “include, but are not limited to...,” which could allow utilities to add objectives at their discretion. This could result in additional IRP objectives in the future which do not incorporate feedback from stakeholders and are not approved by the Commission, and therefore may not be in the public interest.

Additionally, 25x'25 is concerned over the stated objectives which are not directly related to providing safe, reliable, and cost-effective service to customers. Economic efficiency and financial integrity of the utility are implicit in providing safe, reliable, and cost-effective service for customers, and therefore should not be stated objectives in the IRP process as they may ultimately result in bias in the IRP process.

Recommendations:

- a. The Commission should carefully consider the implications of what is or is not included in the stated objectives of the IRP process, as they may have considerable impact on the outcome of the IRP process.
- b. The Commission should set the objectives of the IRP process based on stakeholder input, its authority, and its scope of mandate.

- 2. The EMI Rule lacks a meaningful opportunity for stakeholder participation to ensure transparency and accuracy in the IRP process.***

Customers of vertically integrated utilities, such as those providing electric service in Mississippi, have little to no choice over the generation resource decisions made on their behalf. As such, the opportunity for stakeholder groups that represent these customers and other interests to weigh in on the resource planning process is critical. The EMI Rule, as drafted, offers very

little transparency and extremely limited opportunity for stakeholder engagement in the IRP process.

The EMI Rule (Section 500.5) only allows input from interested parties and Commission staff *after* the IRP is already completed and filed by the utility. Under the EMI Rule, it is not possible for stakeholders to provide meaningful input before or during the development of the IRP. Additionally, the EMI Rule does not allow sufficient time for stakeholder feedback in the IRP process, allowing only 30 days for any interested party to file comment. Given the anticipated complexity of each IRP, 25x'25 finds this time period inadequate for a comprehensive review of the final plan.

In contrast to the short window for stakeholder feedback of 30 days, the EMI Rule would allow IRP filings to occur at the leisure of the utility, with a maximum time between filings of 3 years (Section 500.1). This contrasts with general IRP best practices which usually specify a predetermined timeline, typically on a 2- or 3-year cycle.

In addition to a regularly scheduled planning cycle with a start and end date, it would also be beneficial to include interim steps (e.g. a preliminary plan is issued after 1 year). This will allow the opportunity to update critical assumptions as circumstances change. Given the rapid pace of change in certain energy technologies it is increasingly important that there are frequent opportunities for utilities and stakeholders to revisit outdated information.

There are no explicit steps in the EMI Rule that require utilities to incorporate stakeholder feedback. In Section 500.5, the EMI Rule states that utilities “may provide a response” to stakeholder comments but does not specify a requirement. Rather than having revisions built into the IRP process, the burden of determining whether a utility should revise its IRP in response to stakeholder feedback is placed on the Commission.

Recommendations:

- a. Allow stakeholders to review and comment on key inputs, assumptions, and methodologies *prior to* any formal analyses being conducted by the utility and at regular intervals during the IRP development process.
- b. Utilities should incorporate stakeholder feedback in its IRP when reasonable and appropriate. If utilities reject specific feedback and stakeholders protest, the Commission should ultimately decide.
- c. Include interim steps in the IRP process to update critical assumptions as circumstances change and in response to feedback.
- d. Additional comment periods should occur earlier in the IRP process, and should generally be long enough in duration (e.g. 45-60 days) to allow for meaningful feedback from interested parties.
- e. The Commission should also specify the timeline for the IRP development process, including specific milestones.
- f. Utilities should make a good faith effort to make data and information used in the development of their plans available to the public and to respond to all information requests publicly with the option to redact any confidential data.
- g. The Commission should ensure that stakeholders are able to recommend specific analyses to be conducted by the utility, such as modeling of alternative resource portfolio options (e.g. expanded renewable energy portfolio, or expanded DSM portfolio).

3. The EMI Rule does not incorporate an oversight process beyond minimal stakeholder feedback

The EMI Rule includes no mention of an oversight process for IRP development. Oversight is especially important because the EMI Rule outlines minimal opportunities for stakeholder feedback. As stated in 25x'25's initial comments, in many states, the Commission will hire an independent evaluator to oversee elements of the IRP process.

In fact, the only EMI Rule mention of an independent third-party evaluator is used to dismiss the need. In Section 400.1.c, which is specific to demand response and energy efficiency, EMI states that even third-party evaluation, measurement, and verification (EM&V) is not required as long as the utility "offers to provide its analyses used in evaluating demand-side management investments to the Staff and any public witnesses in conjunction with the Evaluation of Demand-Side Management Offerings." And even if the utility does not share its analyses, EMI states that the utility "shall" contract with one. This language allows utilities to avoid oversight of an independent third-party evaluator by providing an analysis that does not meet industry-standards for rigor and quality.

Recommendations:

- a. The Commission should consider hiring an independent evaluator to ensure that the IRP reflects credible analyses that limits bias towards particular outcomes.
- b. Utilities should be required to hire an independent third-party EM&V vendor to evaluate their demand-side management investments regardless of whether their analyses are shared with any other stakeholders.
- c. Utilities should issue a competitive solicitation (i.e., request for information) to source accurate market information to develop the inputs necessary for modeling.

II. Information and analysis included in the IRP

1. The EMI Rule contains limited specificity related to how the number of resource portfolios and future scenarios are to be determined

In Section 200.2, the EMI Rule states that "a reasonable set of assumptions... should be considered in the development of a range of outcomes (futures)." The EMI Rule contains no detail on the method for determining these assumptions, which determine the future scenarios examined. Considering a wide range of future scenarios can provide insight on the risks and uncertainties related to different resource portfolios, particularly in terms of cost and meeting system needs. At a minimum, utilities should conduct sensitivity analyses with respect to load forecasts, resource portfolios, fuel price projections, technology cost curves, and other relevant inputs.

In addition, in Section 200.4, the EMI Rule states that "the planning process should identify multiple potential portfolios through scenario planning and sensitivity analyses." However, the definition of "planning process" in this context is vague and leaves uncertainty as to how utilities are to determine the number of resource portfolios to analyze. 25x'25 is concerned that the lack of specificity in this language may allow utilities to develop an analysis that lacks rigor due to selecting a few simple and unrealistic resource portfolios.

Recommendations:

- a. The Commission should require that utilities follow a methodology, with stakeholder feedback, for the selection of the number and criteria of resource portfolios to analyze. At a minimum, 25x'25 recommends that at least three resource portfolios be studied and that at least one be based on stakeholder input.
- b. The Commission should require that utilities follow a methodology, with stakeholder feedback, to determine a range of future scenarios on which to conduct sensitivity analyses of the resource portfolios. At a minimum, this range of possible futures should include various degrees of natural gas commodity prices, future environmental and compliance costs or regulations, capital cost overruns, load forecasts, and future operations and maintenance costs.

2. *Utilities could exclude viable resource options based on their sole discretion.*

In Section 200.3, the EMI Rule states the following: “For incremental capacity additions, reasonably useful, commercially-proven, and economic supply-side and demand-side resources that may be available to a utility should be considered, including energy efficiency, demand response, and distributed energy resources (“DER”)...Resources that do not otherwise meet minimum criteria including cost-effectiveness, risk mitigation, reliability, environmental, and/or other governmental rules or policy should be eliminated from further consideration in the applicable planning cycle.”

25x'25 finds this set of criteria to be overly broad and could lead to a situation in which potentially viable resource options are systematically eliminated from the planning process based on the utility's sole discretion.

Recommendations:

- a. A broad set of resources be included in the planning evaluation process, even if they do not meet one or more of the criteria listed.
- b. Resources that may be available in the near future or have limited commercial deployment should be considered in the resource portfolios.
- c. Discussion on whether a resource can reasonably meet system needs should be held through the stakeholder process. Stakeholders should be consulted on any decision to exclude a specific resource prior to the evaluation process.

3. *As currently drafted, the EMI Rule includes language that could allow demand-side management to be excluded entirely from the IRP.*

25x'25 is generally concerned that the EMI Rule places Demand-Side Management (DSM) under the umbrella of “Energy Delivery Planning” as described in Section 400.1. More specifically, the Proposed Rule states the Energy Delivery Planning “annual requirement can be satisfied with existing reporting done in conjunction with a formula rate plan (e.g., submittal of a Transmission and Distribution, System Integrity, or Supplemental Growth plan).” Then in Section 400.1.a, the EMI Rule states that “utilities regulated by the Commission shall implement reasonable demand response and energy efficiency options for customers...” 25x'25 is

concerned that allowing the utility to decide what is “reasonable” may reduce the amount of cost-effective demand response and energy efficiency measures procured. These measures may also be missed in existing reporting if there is no stakeholder oversight.

Section 400 also includes other references to DSM that could cause utilities to avoid offering certain programs or services to customers that are incremental to their existing programs or services or to adequately report on DSM within the IRP process. For this reason, any Commission rule outlining an IRP process should remain separate from existing Commission Rule 29.

Recommendations:

- a. The current Rule 29 of the Commission’s Public Utilities Rules of Practice and Procedures, entitled “Conservation and Energy Efficiency Programs” should be preserved as a separate rule.
- b. If the Commission chooses to implement a single IRP Rule, the Commission should allow stakeholder comment on what a reasonable amount of demand response and energy efficiency entails.

4. Utility incentives for demand-side management investments as described in the EMI Rule are not aligned with best practices

Section 400.1.c “Cost Recovery for Demand-Side Management” states that the primary goal of demand-side management “is to defer or avoid energy usage and achieve the accompanying savings without requiring customers to involuntarily sacrifice comfort or reliability, or accept undue risks.” In addition to avoided energy use, 25x’25 believes the primary goal should also include the avoidance of energy usage during the system’s peak, the times at which it is most valuable to avoid consumption.

In addition, Section 400.1.c states:

“Utilities should be allowed an opportunity to recover the reasonable and prudent costs incurred by them in making demand-side management investments, including an opportunity to earn a reasonable return thereon, and with respect to volumetric rates shall have a reasonable opportunity to recover the lost contribution to fixed costs associated with the estimated reduction in energy usage related to utility demand-side management investments.”

This implies utility-ownership of demand-side management investments. However, it does not provide a reason or justification as to why these investments need to be utility-owned. Additionally, the EMI Rule does not specify the definition of a “reasonable return.”

There are other mechanisms that exist to recover lost contributions to a utility’s fixed costs such as revenue decoupling. The Commission should explore whether such a mechanism is appropriate in this context.

Section 400.1.c goes on to outline that “Demand-side management investments shall include, but not be limited to, equipment, incentives and rebates, marketing and delivery, and direct install and any administration costs.” Allowing for the utility to achieve a return on incentives and rebates, administration costs, market and delivery is counter to best practices. Investment levels do not necessarily reflect successful demand-side management measures. Under this language, utilities could earn a rate-of-return on these costs regardless of performance of the demand-side management investments.

Recommendations:

- a. The “reasonable returns,” as stated in the EMI Rule, should be defined and determined based on performance, not just cost. The Commission should ultimately decide on the level of these returns.
 - b. The Commission should explore rate mechanisms for lost contributions to fixed costs such as revenue decoupling.
 - c. The Commission should not allow utilities to earn a rate-of-return on expenses traditionally passed directly through to ratepayers such as program incentives and rebates, marketing and delivery, installation and administration, and operation and maintenance costs. However, if utilities achieve a set of performance metrics for the demand-side management investments, they should be allowed to be compensated with a performance incentive.
5. ***Requiring demand-side resources to pass at least two cost-effectiveness tests significantly deviates from best practices.***

25x’25 is very concerned that the EMI Rule requires demand-side management investments to be evaluated using “at least two industry-accepted tests.” The use of two separate tests would deviate significantly from the standard practice in most states of screening demand-side resources using a single test. If two tests were applied, it is far more likely that many cost-effective demand-side resources that benefit customers would be arbitrarily removed from the planning process. Generally speaking, it is good practice to examine demand-side resources using all industry-accepted tests. No one test should be used to deem a demand-side management program or measure as lacking cost-effectiveness. However, for the purposes of screening, many jurisdictions designate a primary test. The determination of the primary test used for screening purposes should be agreed upon by both the utility and stakeholders, with the Commission having ultimate authority. Most commonly the designated test is either the Utility Cost Test or the Total Resource Cost Test.

Recommendations:

- a. Designate a single test as the primary test for screening purposes based on consensus from stakeholders and the utility. 25x’25 recommends either the Utility Cost Test or the Total Resource Cost Test.
6. ***The definition of “strategic load growth” is too broad and could increase overall costs to customers.***

25x’25 agrees that there may be some sectors where strategic load growth could be beneficial (e.g. greater adoption of electric vehicles). However, the EMI Rule provides an overly broad

definition of strategic load growth, which may not be in the public interest and does not ensure that the IRP will result in safe, reliable, and affordable electricity. 25x'25 is concerned about the current language regarding strategic load growth, which appears to include any and all efforts to grow load with no expressed purpose other than load growth. Such efforts may benefit the utility while leading to increased costs for customers. More specificity around the appropriate sectors to encourage strategic load growth (e.g. transportation electrification) is needed. Additionally, any load growth that increases peak demand should be avoided. A utility can increase customer numbers (and revenues) without increasing load through supporting economic development and growth while increasing energy efficiency offerings.

Recommendations:

- a. This section should be rewritten with careful wording to prevent the traditional pitfalls of encouraging strategic load growth.
- b. The IRP rule should include specific policy objectives and sector specific targets for any strategic load growth component of the IRP.

III. Actions linked to the IRP Process

1. The EMI Rule provides an insufficient link between the IRP and actual resource procurement decisions

Any IRP development process is virtually meaningless unless it is linked in some way to actual resource procurement decisions made by utilities or customer programs administered by utilities. The EMI Rule is nearly silent on the role of the IRP procurement decisions and customer programs, with one exception. Section 300 “Supply-Side Report” proposes a process in which the utility would submit an interim report at the mid-point of its planning cycle. The described report would also include the opportunity to identify a new resource need and plans to secure a new resource. 25x'25 is concerned that this mid-point Supply-Side Report process as described could lead to significant resource procurement decisions being made outside of the regular IRP process, and therefore would not be subject to an appropriate level of transparency and stakeholder input.

Section 300 states that self-build options must be compared to market opportunities, which “can be satisfied through a competitive solicitation.” As drafted, the language in the rule gives utilities the option to hold a competitive solicitation but does not necessarily require them to do so. This is problematic since it could lead to self-build options being selected even if there are more cost-effective competitive options available. In addition, resources evaluated in competitive solicitation must consider elements beyond cost, such as risk (e.g., long-term resource contracts may carry increased risk due to declining technology costs and fuel price uncertainty).

Recommendations:

- a. Any “Supply-Side Report” or similar report should include an overview of all generation assets, data outlining the last three years performance, and information on anticipated future output levels, and operations and maintenance investments.
- b. The IRP process shall be informed by a transparent competitive solicitation process via a request for information (RFI) for supply-side and demand-side resources.

- c. After an IRP is finalized, utilities should be required to adopt customer programs (e.g. demand side management) that align with the results of the IRP.
- d. Before a utility files a CPCN for acquisition or construction of generation or transmission investments not previously included in an IRP, the utility shall submit an updated IRP reflecting the proposed procurement along with a commission-overseen competitive solicitation or request for proposals (RFP) for the proposed investment.
- e. Additionally, if the mid-point “Supply-Side Report” suggests new, previously undisclosed supply-side resources are needed, utilities shall be required to conduct a commission-overseen competitive solicitation or RFP for resources to be delivered to match the timing of the need.
- f. Utilities should be required to consider components beyond cost, such as risk, when comparing long-term and short-term resource contracts

4. Conclusion

The 25x'25 Alliance would like to thank the Commission for the opportunity to submit these comments regarding this important matter. The comments above have identified many concerns and issues with the EMI Rule. However, unintended consequences stemming from the omission of best practices or nuanced language in the EMI Rule is difficult to foresee. For this reason, 25x'25 is weary of using a rule written by EMI as a strawman or starting point for the development of a final IRP rule. 25x'25 strongly recommends that the Commission develop their own IRP rule separate from existing Commission Rule 29 as a starting point for stakeholder feedback, using our initial comments as the foundation for a comprehensive IRP process.

With the process established in this docket, Mississippi is well on the way to establishing a uniform IRP policy applicable across all regulated electric utilities in the state. 25x'25 hopes that the Commission will swiftly develop, draft, and adopt a robust IRP rule.

As our own electric generation mix evolves and transforms in Mississippi, proper planning will be critical for the future of our economy, infrastructure, investments and innovation.

We look forward to further participation in this proceeding.

Respectfully submitted this 12th day of February 2019.



Brent Bailey
State Activities Coordinator
25x'25 Alliance
601-573-4815
bbailey@25x25.org