

**Energy Independence and Security Act of 2007  
New PURPA Standards (16-19)**

**Proposed Policy Statement of  
Western Indiana Energy Rural Electric Membership Corporation**

**Introduction**

The Energy Independence and Security Act of 2007 proposes changes to the Public Utility Regulatory Policy Act (“PURPA”) by adding four new Standards dealing with integrated resource planning, rate design modifications to promote energy efficiency investments, consideration of smart grid investments, and smart grid information. The following represents Policy Statements on behalf of Western Indiana Energy Rural Electric Membership Corporation (WIN Energy) pertaining to the new PURPA Standards.

Implementation of the new Standards is structured as follows:

- A. State regulatory authorities for the utilities whose rates they regulate are required to consider these new federal Standards.
- B. Nonregulated utilities with annual retail sales greater than 500 million kWh’s are required to consider the new federal Standards.
- C. Sales of electric energy for purposes of resale are excluded.

As a nonregulated utility with annual retail sales greater than 500 million kWh, WIN Energy must consider these standards. WIN Energy also recognizes that even though the Standards themselves are written as if they are mandatory, PURPA only requires that the Standards be considered. WIN Energy broadly supports the stated goals of the PURPA amendments to promote energy conservation, resource efficiencies, smart grid investment and equitable rates to electric consumers, and will consider them in the context of the policy statements herein.

**Policy Statement: Integrated Resources Planning**

Hoosier Energy will continue to develop its biennial IRP in accordance with the rules and regulations of the Indiana Utility Regulatory Commission and as set forth in Hoosier Energy’s policy framework and discussion. This process will continue to involve WIN Energy in all stages of the process. Hoosier Energy will also continue to emphasize the benefits and costs of DSM and energy efficiency programs in the planning process.

**Policy Statement: Rate Design Modifications To Promote Energy Efficiency**

WIN Energy and Hoosier Energy have long supported end-use energy efficiency measures among all customer classes. Members and the G&T spent millions of dollars over two decades to provide incentives to promote consumer selection of higher efficiency water heating and HVAC units, develop and support the Touchstone Energy Home program to promote construction of higher efficiency housing, provide energy audits among residential and commercial/industrial consumers, and provide consumer education programs including

publications, web based information and annual seminars promoting building and HVAC improvements. The G&T and members have also provided rate incentives to encourage load shifting through guaranteed off-peak periods and interruptible service and rate options for commercial and industrial consumers. Recent additional demand response options available to G&T members include an updated Interruptible Power Tariff, a Distributed Generation Purchase Tariff, a Standby Service Rider that provides grid access to consumers that self-generate, and a Voluntary Curtailment Rider in which consumers may be paid to reduce load in high-demand periods upon request from the power supplier. A range of contract proposals to provide additional demand response options to large power consumers have also been considered including a decade long contract with a major manufacturing company that allows the firm to participate directly in RTO demand response programs.

WIN Energy and Hoosier Energy undertook these initiatives to position consumers to better manage rising energy costs and to offer long term savings compared to other supply alternatives. These programs have been launched and will continue to evolve in the absence of a State or Federal mandate or new PURPA Standard. WIN Energy has the flexibility to consider issues reflected in the options and incorporate features that fit local needs.

### **Policy Statement: Consideration Smart Grid Investments**

There is no one smart grid and no two utilities are likely to implement the smart grid in the same manner since local needs vary and a multitude of options are available. Hoosier Energy will continue to consider various smart grid options as it maintains and improves its system. WIN Energy is an industry leader in AMI innovation through it's partners in AMI and OMS. WIN Energy will balance the benefits of implementing various smart grid options with costs to the consumers. WIN Energy will continue to work closely with Hoosier Energy systems to provide assistance in this area. WIN Energy will need to make smart grid choices based upon a range of options and issues including local matters such as legacy systems, customer density, customer preferences, management goals, etc. WIN Energy and Hoosier Energy need to carefully develop smart grid goals taking into consideration the technology that accomplishes the goals, time frame for implementation, risks of rendering parts of the system obsolete when changes are made, cost and cost recovery

### **Policy Statement: Smart Grid Information**

WIN Energy will continue to examine various methods of providing smart grid information to its members, balancing member preferences regarding types of information with the costs of implementing, operating and maintaining systems necessary to provide that information as well as providing a secure means of accessing the data. Methods will be judged by a cost benefit analysis to determine which options make the most sense.

We urge persons interested in this matter to contact us with any questions as to any of the items discussed above. Comments must be received in our Vincennes office no later than November 16, 2009. Thank you in advance for your interest.