INDIANA ELECTRICITY PROJECTIONS: THE 2007 FORECAST

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Forecast Highlights

• Significant real electricity price increase through 2012, then leveling off
• Electricity requirements and peak demand projections are similar to the previous forecast in the first half of the forecast
• Electricity requirements and peak demand projections are higher than the previous forecast in the later years of the forecast
• Industrial electricity consumption is projected to grow faster than previously projected
• Resource requirements are down in the early years primarily due to new purchase contracts
Indiana Electricity Requirements

- Retail sales by investor owned and not-for-profit utilities
- Includes estimated transmission and distribution losses
- Growth rates
  - 2007 forecast: 2.46%
  - 2005 forecast: 2.22%
  - 2003 forecast: 2.16%
Indiana Peak Demand Requirements

- Peak demand is net of DSM and interruptible loads
- Growth rates
  - 2007 forecast: 2.46%
  - 2005 forecast: 2.24%
  - 2003 forecast: 2.07%
Indiana Resource Requirements

- Resources may be provided by conservation measures, contractual purchases, purchases of existing assets, or new construction.
- Existing resources are adjusted into the future for retirements, contract expirations, and IURC approved new resources:
  - Does not include Duke IGCC and I&M/Vectren wind purchases.
## Indiana Resource Requirements

<table>
<thead>
<tr>
<th>Year</th>
<th>Uncontrolled Peak Demand 1</th>
<th>Uncontrolled Intermittent Capacity 1</th>
<th>Net Peak Demand 2</th>
<th>Approved Capacity 3</th>
<th>Incremental Change in Capacity 4</th>
<th>Projected Additional Resource Requirements 5</th>
<th>Total Resources 6</th>
<th>Reserve Margin 7</th>
</tr>
</thead>
<tbody>
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</table>

1. Uncontrolled peak demand is the peak demand with DSM in place but without any interruptible loads being called upon.
2. Net peak demand is the peak demand after interruptible loads are taken into account.
3. Existing/approved capacity includes installed capacity plus approved new capacity plus firm purchases minus firm sales.
4. Incremental change in capacity is the change in existing/approved capacity from the previous year. The change is due to new, approved capacity becoming operational, retirements of existing capacity, and changes in firm purchases and sales.
5. Projected additional resource requirements is the cumulative amount of additional resources needed to meet future requirements.
6. Total resource requirements are the total statewide resources required including existing/approved capacity and projected additional resource requirements.
Indiana Real Price Projections (2005 $)

- Effect of inflation removed
- Includes the cost of meeting CAIR and CAMR
- Does not include costs associated with CO2 or RPS
- Includes the cost of new resources
Alternative Scenarios

- Any forecast contains uncertainty
- CEMR provides alternative low and high growth econometric forecasts
- Low and high growth scenarios are intended to give a plausible bound to uncertainty
SUFG’s Modeling System
Incremental DSM and Interruptible Loads

**Year**
- 2010
- 2015
- 2020
- 2025

**MW**
- 0
- 200
- 400
- 600
- 800
- 1000
- 1200

**Legend**
- DSM
- Interruptible
Residential Electricity Sales

- Estimated from:
  - demographics
  - households
  - household income
  - energy prices
- Growth rates
  - 2007 forecast: 2.21%
  - 2005 forecast: 2.22%
  - 2003 forecast: 1.95%
Commercial Electricity Sales

- Estimated from:
  - floor space inventory
  - end use intensity
  - employment
  - energy prices
- Growth rates
  - 2007 forecast: 2.46%
  - 2005 forecast: 2.61%
  - 2003 forecast: 2.71%
Industrial Electricity Sales

- Estimated from:
  - GSP by industry
  - energy prices

- Growth rates
  - 2007 forecast: 2.67%
  - 2005 forecast: 1.99%
  - 2003 forecast: 1.97%