

# INDIANA ELECTRICITY PROJECTIONS: THE 2007 FORECAST

Presented by:  
Douglas J. Gotham

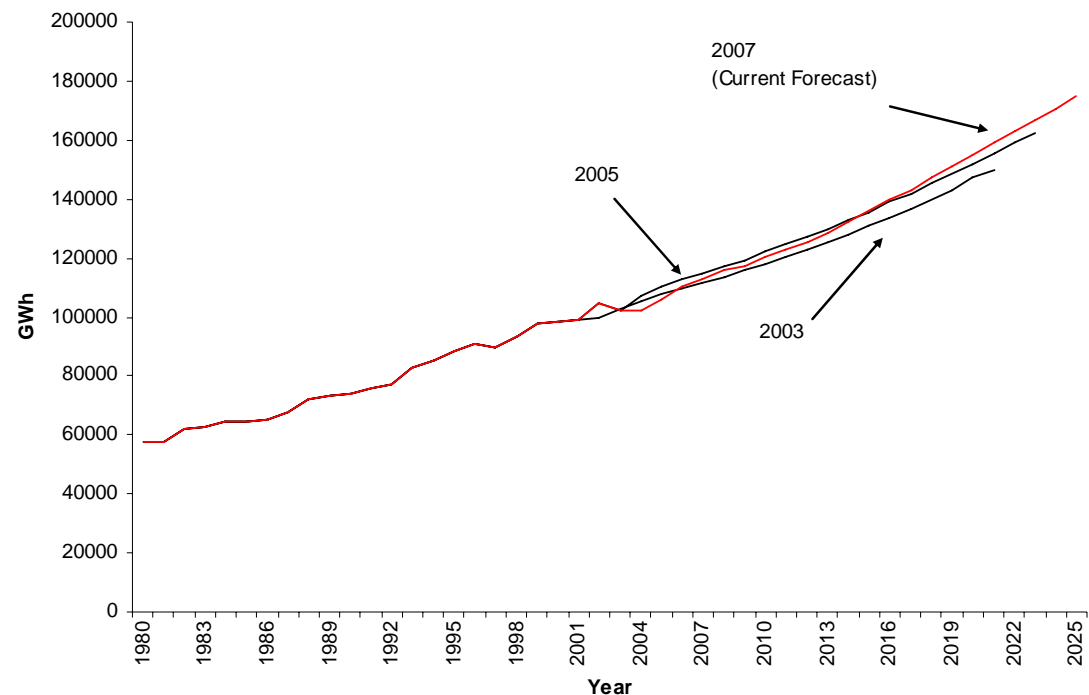
Presented to:  
Indiana Utility Regulatory Commission  
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# Forecast Highlights

- 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

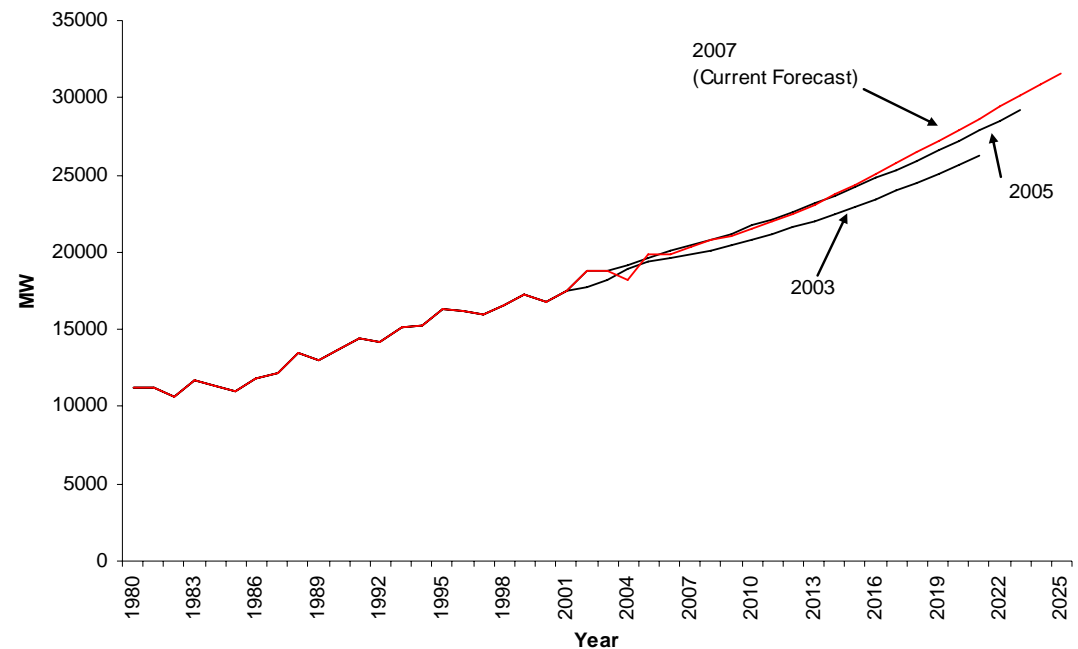
# Indiana Electricity Requirements

- 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%



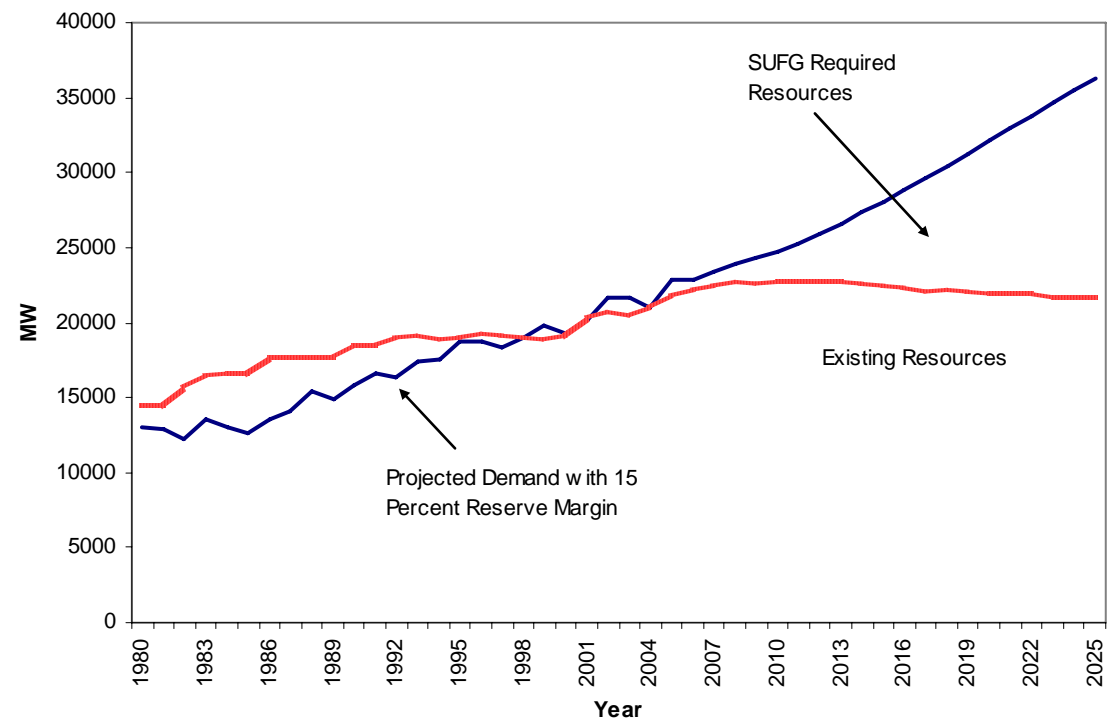
# Indiana Peak Demand Requirements

- 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

	Uncontrolled	Interruptible	Net Peak	Existing/	Incremental	Projected Additional				Total	Reserve
	Peak		Demand 2	Approved	Change in	Resource Requirements 5				Resources 6	Margin
	Demand 1			Capacity 3	Capacity 4	Peaking	Cycling	Baseload	Total		
2005				21,777							
2006	20,933	1,059	19,874	22,166	389	90	530	120	740	22,906	15
2007	21,393	1,062	20,331	22,519	353	140	620	90	850	23,369	15
2008	21,865	1,063	20,803	22,779	260	230	730	170	1,130	23,909	15
2009	22,163	1,065	21,099	22,554	-225	310	1,020	390	1,720	24,274	15
2010	22,608	1,067	21,541	22,719	165	330	1,100	620	2,050	24,769	15
2011	23,077	1,068	22,010	22,738	19	480	1,230	880	2,590	25,328	15
2012	23,590	1,071	22,520	22,685	-53	600	1,330	1,290	3,220	25,905	15
2013	24,177	1,073	23,104	22,685	0	770	1,430	1,710	3,910	26,595	15
2014	24,831	1,076	23,756	22,635	-50	1,000	1,510	2,180	4,690	27,325	15
2015	25,464	1,078	24,387	22,511	-125	1,240	1,620	2,710	5,570	28,081	15
2016	26,143	1,081	25,062	22,384	-126	1,440	1,710	3,300	6,450	28,834	15
2017	26,819	1,084	25,736	22,043	-341	1,700	2,090	3,760	7,550	29,593	15
2018	27,562	1,088	26,474	22,149	106	1,940	2,210	4,160	8,310	30,459	15
2019	28,277	1,092	27,185	22,072	-77	2,180	2,310	4,700	9,190	31,262	15
2020	29,016	1,096	27,921	21,909	-163	2,530	2,430	5,220	10,180	32,089	15
2021	29,746	1,100	28,647	21,909	0	2,700	2,520	5,820	11,040	32,949	15
2022	30,504	1,104	29,400	21,869	-41	2,940	2,600	6,400	11,940	33,809	15
2023	31,219	1,108	30,112	21,709	-160	3,100	2,700	7,120	12,920	34,629	15
2024	31,954	1,112	30,843	21,709	0	3,290	2,820	7,640	13,750	35,459	15
2025	32,678	1,116	31,562	21,628	-81	3,470	2,930	8,290	14,690	36,318	15

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.

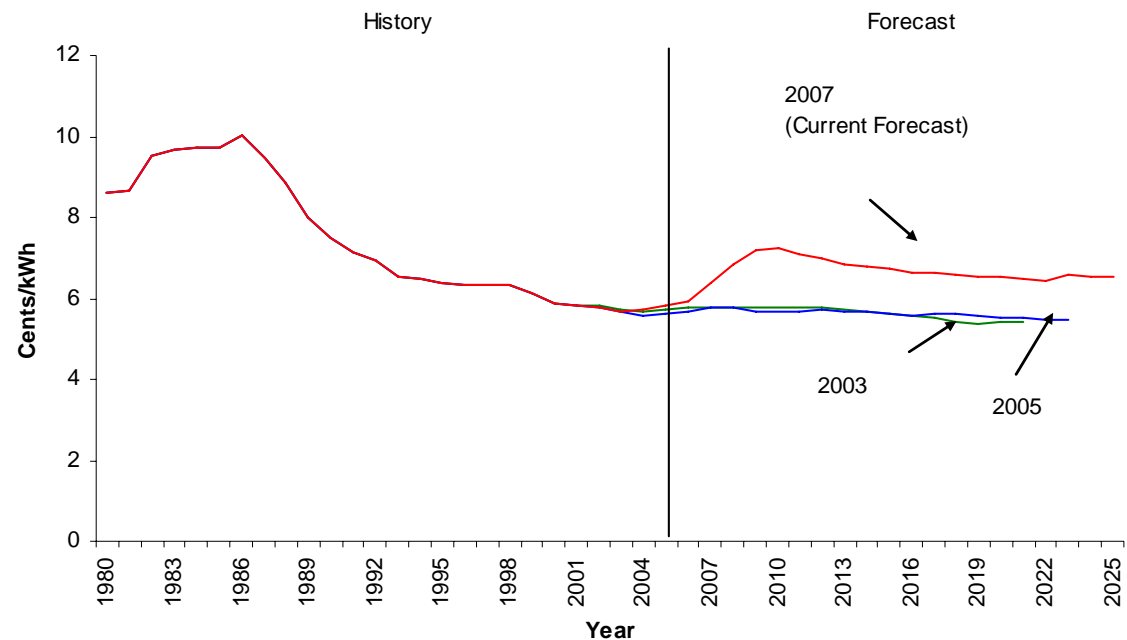
4 Incremental change in capacity is the change in existing/approved capacity from the previous year. The change is due to new, approved capacity becoming operational, retirements of existing capacity, and changes in firm purchases and sales.

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.

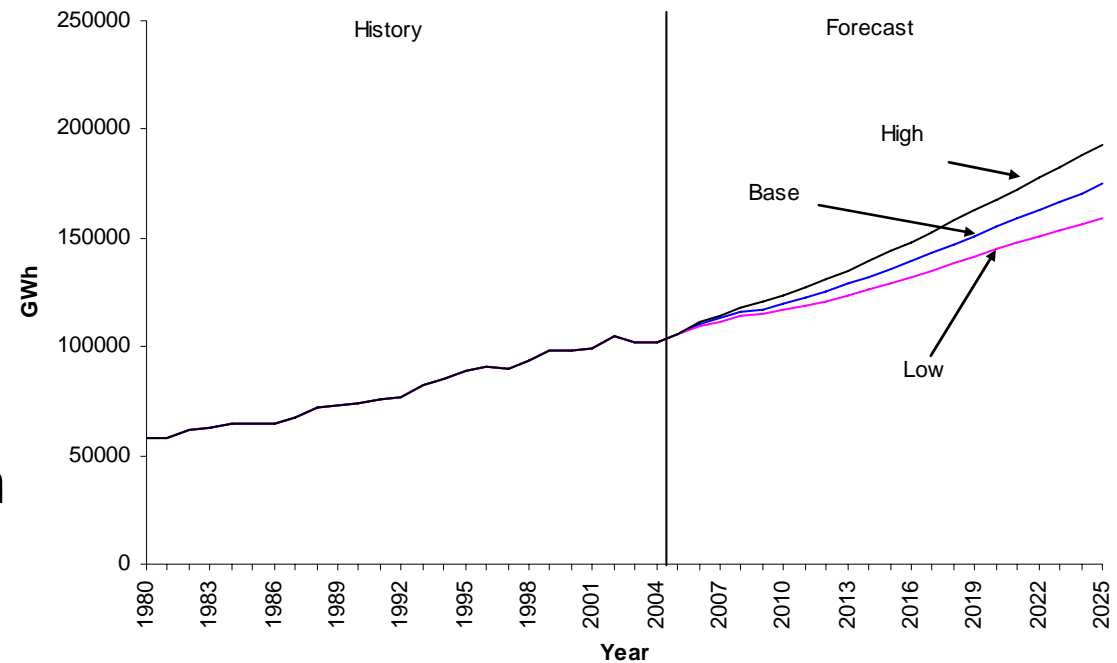
# Indiana Real Price Projections (2005 \$)

- 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



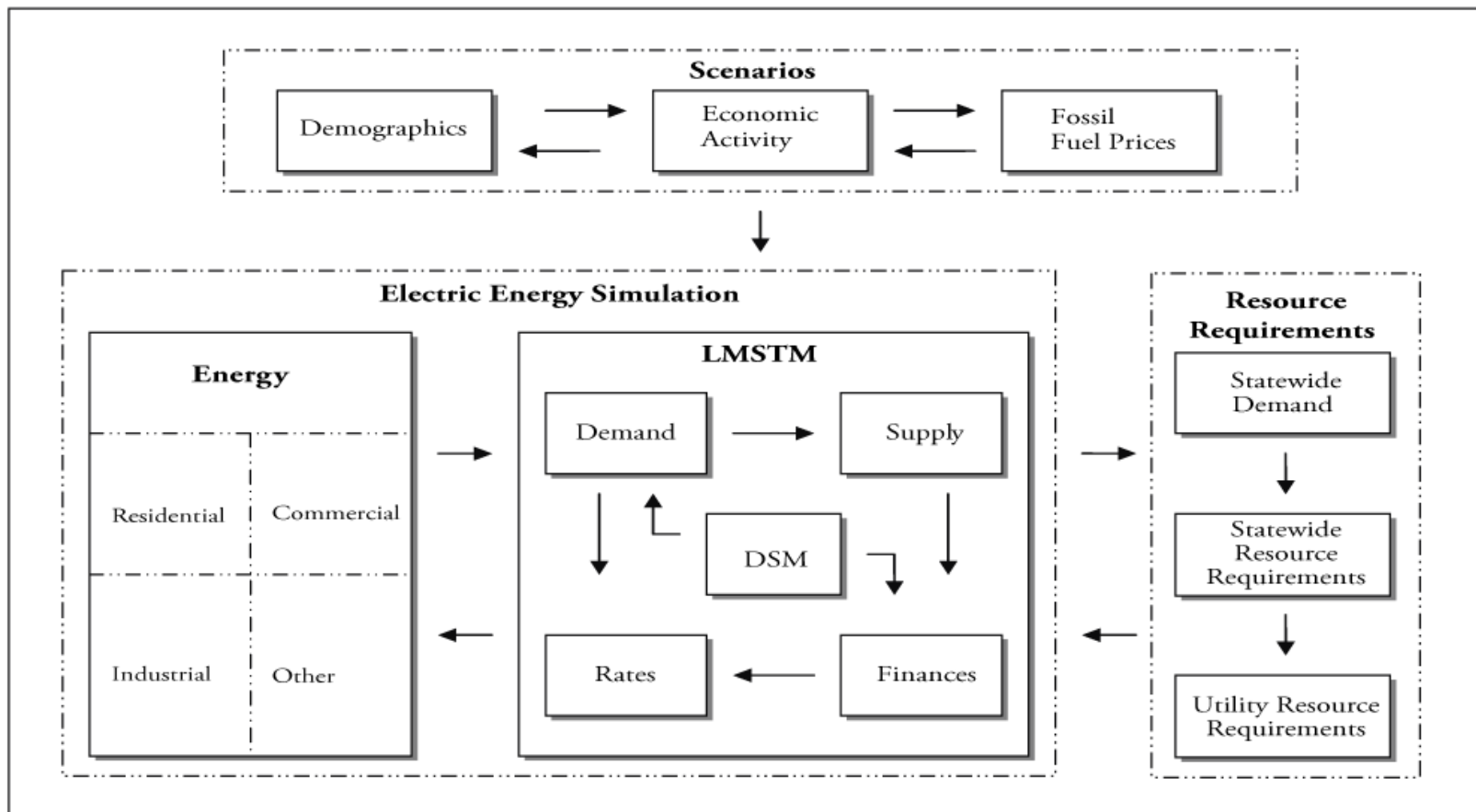
# Alternative Scenarios

- 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

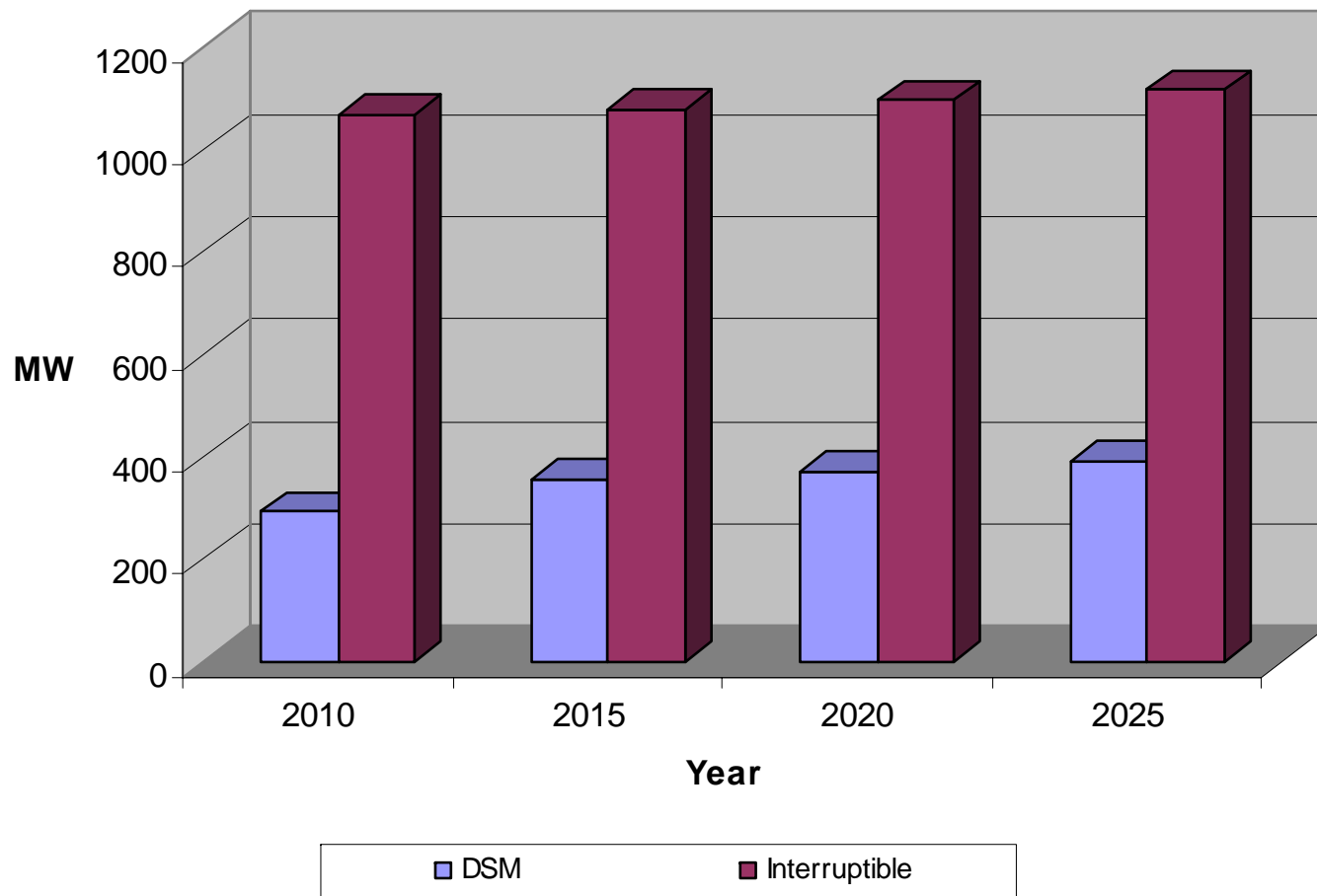




# SUG's Modeling System

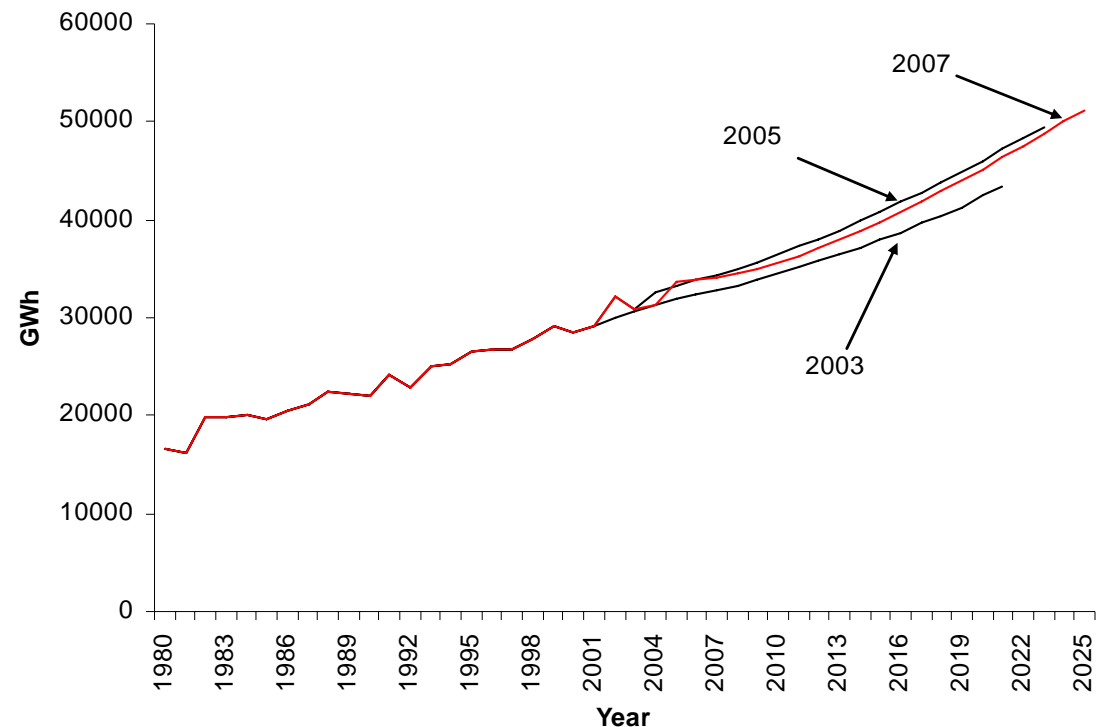


# Incremental DSM and Interruptible Loads



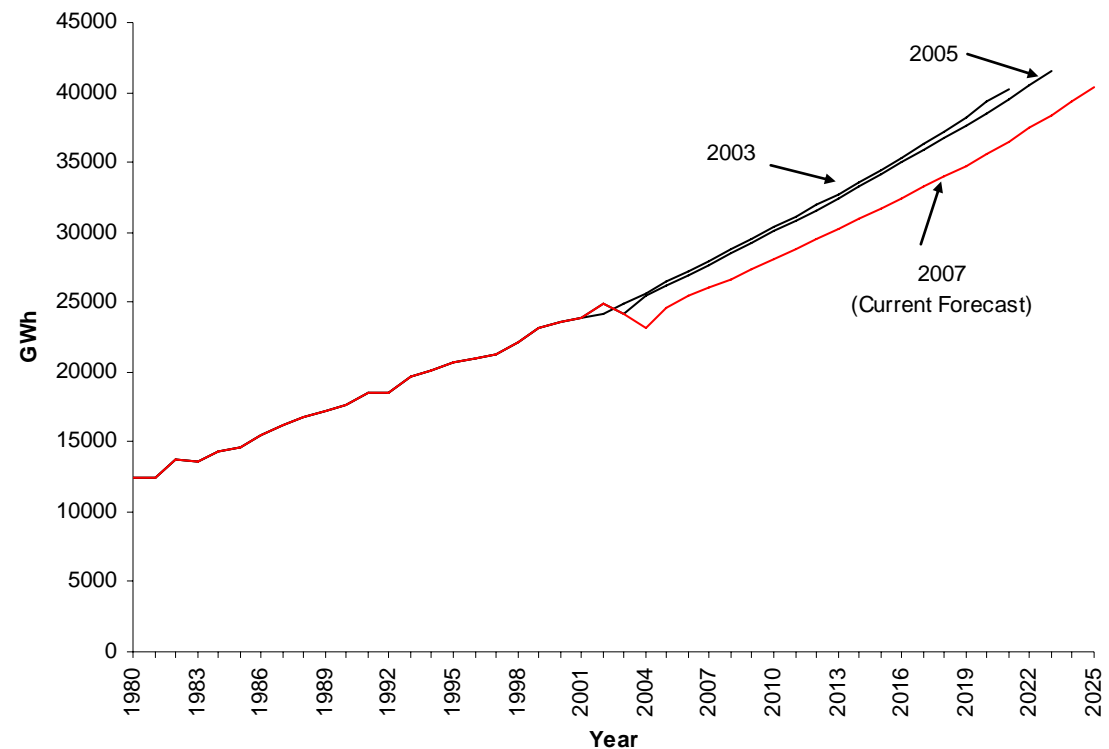
# Residential Electricity Sales

- 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%

