

STATE OF IOWA
BEFORE THE IOWA UTILITIES BOARD

IN RE:)	
)	
DISTRIBUTED GENERATION)	DOCKET NO. NOI-2014-0001
)	DOCKET NO. TF-2016-0323
)	
)	COMMENTS ON MIDAMERICAN
)	PILOT NET METERING TARIFF
)	
)	

The Environmental Law & Policy Center (ELPC), Iowa Environmental Council (IEC), Sierra Club, Iowa Solar Energy Trade Association (ISETA), Natural Resources Defense Council (NRDC), and Vote Solar, collectively the “Joint Commenters,” file these comments in response to MidAmerican’s pilot net metering tariff filed on August 31, 2016. MidAmerican has worked constructively to address stakeholder concerns in its pilot net metering filing, and therefore our concerns on this filing are limited. We recommend the Board revisit its order to have the cash-out at the beginning of the calendar year. We also recommend that MidAmerican revise tariff language so that net metering is not eliminated at the end of the pilot tariff period.

I. Introduction – The Board Reaffirmed Its Data-Driven Approach Preserving Net Metering and Looking for a Limited Expansion of Distributed Generation.

On July 19, 2016, the Iowa Utilities Board issued an order directing Interstate Power and Light (IPL) and MidAmerican Energy Company (MidAmerican) to file pilot net metering tariffs.¹ The Board’s order and corresponding press release issued the same day made the

¹ NOI-2014-0001, Order Directing Filing of Net Metering Tariffs (July 19, 2016).

Board's intention to encourage and expand renewable energy development in Iowa clear. The order preserved the existing net metering framework and ordered several narrow changes designed to expand renewable development while balancing customer and utility interests by limiting net metering to the customers annual energy use.

The order specifically directed three changes: 1) increase the net metering cap from 500 kW to 1 MW up to 100% of a customer's load; 2) allow all customer classes to net meter to offset energy charges; and 3) provide an annual cash-out of excess credits at the utility's avoided cost rate with the cash-out to be split between the customer and the utilities' programs for customers in need.²

The July 19, 2016 order is the culmination of the net metering portion of the Board's notice of inquiry docket on distributed generation initiated on January 7, 2014. Since initiating the docket, there have been multiple rounds of comments submitted by a diverse array of stakeholders covering a wide range of distributed generation topics. More than 170 participants have filed comments in this docket, including utilities, utility associations, environmental groups, renewable energy advocates, and other organizations, businesses, and individuals.

Net metering has been a particular focus of the docket. The Board addressed the path forward on net metering in its October 30, 2015 Order and the July 19, 2016 Order reaffirms the Board's commitment to that approach. The Board's October 2015 Order emphasizes a data-driven approach, concluding, in the case of net metering, that "additional information is required before any permanent policy or rule changes are made."³

² *Id.* at 3-4.

³ NOI-2014-0001, Order Regarding Policy Statement, Rate Design Presentations, and Net-Metering Generation Pilots, at 7 (Oct. 30, 2015)

In order to begin the process of collecting additional information to inform future policy discussions while waiting for the market to grow large enough for a full value of solar study, the Board provided a pilot project framework. The “Board encourage[d] all utilities (municipal, rural electric cooperatives, and investor-owned), but particularly the investor-owned utilities (IPL and MidAmerican), to consider implementing pilot projects that will expand renewable DG in Iowa.”⁴

The Board’s vision of pilot projects “creates an opportunity for innovation and exploration of best practices.”⁵ Importantly, a pilot project “provides an opportunity to make changes on a limited basis in order to determine the impacts that those changes might have on the utility and its customers prior to making these changes permanent.”⁶ The Board stated its interest in several types of pilot projects, while also noting that the utilities should have flexibility in designing these pilot programs. The Board highlighted several topics that pilot projects could collect useful information about:

- The treatment of excess net-metering credits including information about the amount of such credits and “whether there are sufficient credits to justify a change in the rules”⁷
- Whether the net metering cap should be increased including collecting data on “the financial impacts of raising the cap”⁸
- Reliability
- Community solar programs

⁴ *Id.* at 9 (emphasis added).

⁵ *Id.* at 8.

⁶ *Id.* (emphasis added).

⁷ *Id.*

⁸ *Id.* The Board specifically noted that “a pilot project increasing the current 500 kW size to 1 MW could provide valuable information and it is consistent with the policy statement encouraging DG growth.”

Although the Board declined to mandate any specific pilot programs, it was specific about the objective of such programs—to “expand renewable DG in Iowa” and to gather additional information about some aspects of net metering.⁹

The Board required Preliminary Implementation Plans “to gauge the investor-owned utilities’ progress.”¹⁰ MidAmerican and IPL filed preliminary implementation plans that included sweeping rate design changes that drew significant stakeholder and Office of Consumer Advocate concern. We submitted comments to the Board highlighting our concerns in a response to the pilot proposals on April 19, 2016. The Board’s July 19 Order was “[t]o address these [stakeholder] concerns and to obtain data concerning net metering penetration.”¹¹ The Board’s reiteration made clear that it intended to expand distributed generation with limited changes and that it was not looking to make fundamental changes to net metering. The July 19 Order called for the utilities to submit revised pilot programs consistent with the Board’s overarching policy objectives.

MidAmerican’s response to the July 19, 2016 Board Order has been consistent with the Board’s approach. MidAmerican has worked constructively with stakeholders to clarify its definition of load as 100 percent of a customer’s annual energy use and to remove language that could be interpreted to prohibit third-party financed systems from net metering. We commend MidAmerican for its approach. We offer a couple of additional comments regarding MidAmerican’s pilot net metering tariff to address concerns we have with the timing of the cash-out provision and with how the three-year pilot period is implemented with the existing net metering tariff. We are optimistic that these issues could be addressed through a settlement or

⁹ *Id.* at 9.

¹⁰ *Id.* at 10.

¹¹ July 19, 2016 Order at 2.

tariff revisions on the part of MidAmerican and would not require a contested case. However, if these issues are not resolved, we would request that the Board docket the tariff filing for further proceedings on these issues.

II. Allowing the Customer to Select the Cash-Out Date or Moving the Annual Cash-Out Date to the Spring Would Better Reflect the Board's Intent to Expand Renewable Generation in a Balanced Manner.

The Board's July 19 Order provides that the utility's net metering pilot tariffs should provide for annual cash-out, which "shall take place during the first billing cycle of the calendar year." In order to better reflect the Board's intent to expand renewable generation, the Board should consider revisiting the timing of the cash-out. While it may be administratively simple to designate the first billing cycle of the year for the cash-out, it would lead to many systems being undersized based on the customer's annual energy use in order to avoid having credits at the end of December. This would decrease renewable energy and be inconsistent with the intent of the Board's order.

Credits from excess energy in the summer months, when there are significantly more hours of daylight, can be used to offset winter months that have lower solar production. The excess credits in the summer months are needed to balance the energy use over the course of the year. If the cash-out is at the end of the calendar year, there will not be any credits available from previous months to get a customer through January, February, and March – months that have less hours of sunlight and are typically months where the customer gets more energy from the utility than is produced by the solar array. The response from solar developers would be to intentionally undersize systems from an annual energy use perspective to avoid having energy credits that would be cashed out at the end of December. The result would be smaller systems than are currently being developed, and systems that produce less than the customers annual energy use.

We recommend allowing customers to choose when the annual cash-out occurs. This approach would best account for variability in customer energy needs and allow the customer the most flexibility in designing a system that meets 100 percent of the customer's annual energy use. Alternatively, if the Board or utilities want a uniform cash-out date, we would recommend moving the cash-out date to April or May to allow systems to be sized closer to the customers actual energy use over the course of the year.

III. The Pilot Should Not Be Structured as Three-year Phase-Out of Net Metering.

MidAmerican's tariff filing would effectively eliminate net metering starting January 1, 2020 when the Company's three-year pilot expansion expires. MidAmerican's existing tariff should be revised to allow net metering to revert to the current program absent further Board action at the end of the pilot period. This can be accomplished by revising the first paragraph on availability on Sheet No. 349. Instead of editing the first sentence, the following sentence should be added to the first paragraph: "This rate schedule is limited to customers who filed complete interconnection applications prior to January 1, 2017 or after January 1, 2020." The net metering tariffs can be revised based on the results of the pilot net metering tariff, but the Board's intent has been clear not to change net metering without deliberate study and analysis. The tariff revisions should not eliminate net metering starting January 1, 2020.

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Respectfully submitted,

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