

**STATE OF IOWA**  
**BEFORE THE IOWA UTILITIES BOARD**

<b>IN RE:</b>  <b>INTERSTATE POWER AND LIGHT COMPANY</b>	<b>DOCKET NOS. TF-2016-0321 NOI-2014-0001</b>
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**INTERSTATE POWER AND LIGHT COMPANY’S REPLY COMMENTS**

Interstate Power and Light Company (IPL) respectfully submits its Reply to comments received from parties and stakeholders regarding the Net Billing Pilot Tariff (Pilot Tariff) that IPL filed on August 31, 2016.

**PROCEDURAL HISTORY**

IPL summarizes the procedural history in Docket No. TF-2016-0321,<sup>1</sup> as follows:

- On July 19, 2016, the Iowa Utilities Board (Board) issued an Order (July 19 Order) in Docket No. NOI-2014-0001 directing IPL and MidAmerican Energy Company (MidAmerican) to file pilot net metering tariffs.
- In compliance with the July 19 Order, IPL filed its Pilot Tariff on August 31, 2016 in the above-referenced dockets.
- After receiving comments from the Office of Consumer Advocate (OCA); the Environmental Law & Policy Center (ELPC), Iowa Environmental Council

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<sup>1</sup> Docket No. TF-2016-0321 is an off-shoot of Docket No. NOI-2014-001. On January 7, 2014, the Board initiated an inquiry to gather information regarding distributed generation. See Order Opening Inquiry on Distributed Generation and Soliciting Comments, Docket No. NOI-2014-0001.

(IEC), Sierra Club, Iowa Solar Energy Trade Association (ISETA), Natural Resources Defense Council (NRDC), and Vote Solar (collectively, the Environmental Intervenors); and Luther College/Luther College Wind Energy Project, LLC (Luther College), the Board issued an Order on September 27, 2016, docketing IPL's and MidAmerican's pilot net metering tariffs and providing additional time to comment.

- Additional comments were received from Katie and Steve Sheppard; Decorah Solar Field and Oneota Solar LLCs; Joel Zook; Amy Bouska; the City of Cresco; Clayton County Energy Board; and the Winneshiek Energy District.
- The comment period closed on October 21, 2016.

### **REPLY COMMENTS**

IPL is pleased to reply to the comments filed by various parties and stakeholders in this docket. Preliminarily, it is worth noting that certain issues and comments are either outside the scope of this docket or reflect a particular party's or stakeholder's objection to the Board's Order directing the utilities to file a tariff in compliance with its Order issued on July 19, 2016, in Docket No. NOI-2014-0001. IPL will not respond to each of those issue raised as they are more appropriately addressed in another proceeding or directly by the Board.<sup>2</sup>

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<sup>2</sup> IPL's silence on a particular argument or issue does not reflect agreement with or acquiescence to that argument or issue, and IPL reserves the right to respond to any and all of those arguments and issues.

**IPL's Pilot Tariff does not Preclude Customers with Private Generation Facilities Who Have Entered into Third-Party Power Purchase Agreements**

1. Various parties and stakeholders voiced concern that IPL would not allow customers who have installed private generation facilities with third-party power purchase agreements (third-party PPA) to participate in the Pilot Tariff.<sup>3</sup>
2. IPL's Pilot Tariff is available to customers who have installed private generation facilities through the use of third-party PPAs. The Pilot Tariff is agnostic to whether the customer has entered into a third-party PPA for or owns the private generation facility.

**IPL's Use of the Informational Avoided Cost Filing for the Pilot Tariff's Annual Cash-Out is Fair and Reasonable**

Tariffs Should be Derived from IPL's Informational Avoided Cost Filing

3. OCA and the Environmental Intervenors ask the Board to direct IPL to use "Board-approved tariffed avoided cost rates." Response and Objection, pp. 7, 9 (Sept. 20, 2016); Comments on IPL Pilot Net Metering Tariff, p. 9 (Sept. 20, 2016). The OCA and the Environmental Intervenors apparently would like the Pilot Tariff to be linked to IPL's Cogeneration and Small Power Production (CSPP) tariff. IPL does not agree that the Pilot Tariff should be linked to the CSPP tariff.
4. In deriving the avoided cost for cash-outs under the Pilot Tariff, IPL relied on its informational avoided cost filing, made pursuant to 18 CFR § 292.302(b) and as referenced in IAC 199—15.3(476). IPL files its updated informational avoided cost

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<sup>3</sup> See, e.g., Environmental Intervenors' Comments on IPL Pilot Net Metering Tariff, p. 8 (Sept. 20, 2016); Luther College Wind Energy Project, LLC's Comment, p. 2 (Sept. 12, 2016).

with the Board no less frequently than biennially.<sup>4</sup> This informational filing reflects IPL's current avoided costs, and provides the underlying assumptions for tariffs based on avoided cost, such as the Pilot Tariff.

5. IPL's CSPP tariff, which is filed consistent with 199 IAC 15.5(3), is based upon IPL's informational avoided-cost filing and is subject to review and approval by the Board. The CSPP tariff, though, applies only to small Qualified Facilities (100 kW or less). In contrast, the Pilot Tariff will permit generation systems up to 1 MW in size to be net metered. As such, the CSPP tariff's rates are potentially inapt for establishing the cash-out rates under the Pilot Tariff. Additionally, IPL's tariffs typically do not link to one another for the purposes of determining the proper rate.

6. Moreover, the effective CSPP tariff does not accurately reflect IPL's current avoided costs. Rather, the currently-effective CSPP tariff is based upon eight year-old avoided costs.<sup>5</sup> IPL strongly objects to using outdated, eight year-old avoided

<sup>4</sup> See Docket No. IAC-2016-1503 for IPL's most recent informational avoided cost filing made on June 30, 2016.

<sup>5</sup> The table below summarizes the filings IPL has submitted to the Board since 2008. IPL filed an updated CSPP tariff in 2012 (Docket No. TF-2012-0546), which it withdrew before final Board action concurrent with IPL filing a subsequent updated CSPP tariff in 2014 (Docket No. TF-2014-0294). IPL withdrew its 2014 CSPP tariff filing concurrent with IPL making the CSPP tariff filing in this docket on June 30, 2016. Because no final action was taken on IPL's CSPP filings in 2012 and 2014, IPL's CSPP rate approved by the Board in 2008 remains in effect.

Year	CSPP Docket	Standard Rates	Date Filed	Date Withdrawn
2008	TF-2008-0160	6.33¢ / kWh	10/08/2008	
2012	TF-2012-0546	3.54¢ / kWh	08/23/2012	07/01/2014
2014	TF-2014-0294	3.35¢ / kWh	07/01/2014	06/30/2016
2016	TF-2016-0290	2.64¢ / kWh	06/30/2016	

costs from a tariff unrelated to the Pilot Tariff to inform the avoided cost calculations for the Pilot Tariff.

7. Should the Board deem it appropriate to link the Pilot Tariff to the CSPP tariff, the Board should first review and approve the recently-filed CSPP tariff in Docket No. TF-2016-0290, rather than relying on the eight year-old CSPP tariff currently on file. Moreover, as new CSPP tariffs are filed and approved, the Pilot Tariff should rely on the then-effective CSPP tariff.

Cash-outs on an Average Avoided Cost is Equitable and Reasonable

8. OCA supports standard purchase rates that are differentiated between seasonal and time-of-day and based upon when IPL receives the customer-supplied energy on the grid. Response and Objection, p. 6. This approach places customers with wind generation at a disadvantage in comparison to customers with solar generation.<sup>6</sup> Applying an annual avoided cost rate would treat all generation sources equally, as the annual avoided cost rate is indifferent to the source of the customers' generation.

9. Tracking excess generation throughout the year at the time generation was received for an annual cash-out would also be administratively burdensome and confusing to customers. This approach would require IPL to prorate the generation outflow into separate net metering and purchasing "buckets" on a monthly basis based upon the ratio of net-metering capacity to nameplate capacity. On the customer side, IPL would likely have to send each customer a customized report reflecting: 1) when IPL received the customer's generation into the system; 2) if that

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<sup>6</sup> Approximately 10 percent of IPL's distributed generation customers have wind facilities.

excess generation was banked; and 3) to what future billing period that generation was applied. Determining whether IPL had provided the correct cash-out amount would be extremely complicated for most customers.

For example, assume that the month of June is comprised of both summer and winter kWh banks. Since weekends are considered off-peak, there are likely also on-peak and off-peak kWh banks. Carrying forward these additional “banks” on a month-to-month basis, requires the following steps :

- 1) tracking whether a credit is from a summer or winter kWh bank;
- 2) tracking whether a credit is on-peak or off-peak;
- 3) determining when it gets applied to a future bill; and
- 4) then cashing any remaining credits out annually.

This would create a situation that is virtually impossible for a customer to validate.

10. An easier way to apply OCA’s approach would be to cash-out excess generation on a monthly basis, thus eliminating any month-to-month rollover of excess kWh credits. Rather than a customer needing to track the value of a credit on a kWh basis, accounting for the season and time-of-day (as in the above example), the value of the excess generation would be represented on the customer’s most recent bill. If the Board were to order seasonal and time-differentiated factors for excess generation, IPL would not object to this methodology if there were no monthly carryover of excess kWh generation and there were a monthly cash-out.

**The Life of the Interconnected Equipment Shall not Exceed 25 years**

11. The July 19 Order provides that if the Board declines to incorporate the changes in net metering on a permanent basis, customers who participated in the Pilot Tariff “shall be allowed to remain on that tariff for the life of the interconnected equipment.” July 19 Order, p. 4. IPL initially proposed that “the life of the interconnected equipment” not exceed 20 years. See IPL Net Billing Pilot Tariff, filed August 31, 2016, Docket Nos. TF-2016-0321 and NOI-2014-0001.

12. Luther College commented that “most PV panels are warrantied for 25 years and will continue to generate power long afterwards.” Comment, p. 2 (Sept. 12, 2016). IPL believes that 25 years is a reasonable length of time and would be willing to revise its Pilot Tariff to state that the “life of the interconnected equipment” shall not exceed 25 years.

**IPL’s Pilot Tariff Does Not Restrict the Size of a Customer’s Private Generation System**

13. In compliance with the July 19 Order, IPL’s Pilot Tariff allows a customer to net bill 1 MW (up to 100 percent of the customer’s load). July 19 Order, p. 3. IPL’s definition of load in the Pilot Tariff applies only to the ability to net bill; it does not restrict the size of a private generation facility a customer installs. In situations where: 1) a customer installs a private generation facility that exceeds 100 percent of the load or more than 1 MW; and 2) generates excess energy above and beyond what can be net billed, IPL will compensate the customer for the excess energy at its then-filed avoided cost.

**The Cash-Out Provision of the Pilot Tariff Complies with the Board's  
July 19 Order**

14. The July 19 Order directs the utilities to cash-out a customer's bank "during the first billing cycle of the calendar year." July 19 Order, p. 4. IPL's Pilot Tariff complies with the Board's directive and states that the "annual cash-out shall take place during the first full billing cycle of the calendar year beginning in 2018 and annually thereafter." Pilot Tariff, Fourth Revised Sheet No. 40.

15. The Environmental Intervenors request that the Board allow customers to choose the cash-out month. Comments on IPL Pilot Net Metering Tariff, p. 10 (Sept. 20, 2016). IPL objects to this recommendation as being administratively burdensome.

16. Should the Board determine that an alternative cash-out month other than January is preferable, IPL respectfully requests that the Board identify a single month for cash-out for all customers.<sup>7</sup>

**Clarification of Special Provisions in IPL's Pilot Tariff**

Exclusive Use of Electricity

17. In its comments, OCA requested clarification of the following statement in the Pilot Tariff's Special Terms section: "All electricity delivered shall be for the exclusive use of the Customer and shall not be resold." Response and Objection, p. 8 (Sept. 20, 2016).

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<sup>7</sup> OCA acknowledges that "the selection of a single billing period for all net-metered customers is administratively efficient and should be utilized." Response and Objection, pp. 5-6 (Sept. 20, 2016).



18. This provision reflects Section 5.13 Resale of Electric Energy in IPL's General Rules and Regulation for Electric Service, which provides:

Electric service supplied by Company is for the exclusive use of Customer. Customer will not be permitted to submeter, prorate, or use any other means to determine a quantity of electric energy and resell the same to any other person or persons on Customer's premises or for use on any other premises, except a Qualifying Facility or for a multi-occupancy master-metered building as provided in 199-20.3(1)"b". A Qualifying Facility, as defined in Section 16 of these General Rules and Regulations, will be permitted to consume for his or her own consumption or sell the power produced by his or her electric generating facilities pursuant to the terms and conditions of Company's general rules and regulations and the regulations of the Iowa Utilities Board. The sale of energy by a Customer, where electric service purchased from Company is the source used for the production of such energy, shall be construed as a resale of electric energy and is not permitted. Company reserves the right to refuse electric service to any Customer when the purchase of such service is for the purpose of resale by Customer to others. In the event electric energy is resold in conflict herewith, Company shall have the right, at its option, either to discontinue service to Customer, or to furnish service directly to the sub-customer.

19. Every IPL rate schedule contains the resale prohibition of electricity provision. IPL's inclusion of this provision is consistent with its other rate schedules.

#### Dedicated Transformer

20. OCA objected to the inclusion of the provision that a customer "may be "served from a distribution transformer which serves no other Customer," contending that 199 IAC Chapter 45 does "not appear to impose the limitation that IPL proposes." Response and Objection, p. 8 (Oct. 20, 2016) (citing Pilot Tariff, Fourth Revised Sheet No. 42).

21. This provision is not a new provision in IPL's net metering tariffs; it can be found on IPL's Alternative Energy & Small Hydro Production Tariff, Fifth Revised Sheet No. 54, and has been a part of this tariff for decades.

22. Providing IPL the discretion to serve a customer from a dedicated distribution transformer is not a limitation on the ability to interconnect; the customer is not precluded from interconnecting to IPL's distribution system upon meeting the interconnection requirements.

23. The continuation of this provision is necessary to ensure reliability of service to IPL's customers and IPL's distribution system.

24. In many circumstances, IPL serves three to four residential customers from a one line transformer.

25. If a residential or a general service customer installs a private generation facility over 15 kVA, it may cause issues, such as voltage swings that affect the proper functioning of household appliances, for the other two to three customers served by the same transformer. IPL's General Rules and Regulation for Electric Service, Section 5.09C provides:

Customer's equipment, appliance or device shall not adversely affect Company's service to other Customers. Where a Customer uses electric service for the operation of equipment having intermittent, fluctuating or abnormal load characteristics which adversely affect voltage regulation or impair Company's service to other Customers, Customer may be required to install and maintain at his or her own expense suitable apparatus to limit such effect

If IPL determines that the customer's private generation adversely impacts other customers served behind their shared transformer, it is reasonable to require the interconnecting customer to pay for a dedicated transformer to remedy the situation. IPL's other customers should not bear the cost burden associated with the operational characteristics of private generation facilities.

## CONCLUSION

IPL's Pilot Tariff complies with the Board's July 19<sup>th</sup> Order, and provides a new opportunity for IPL's customers to offset their energy through the use of a private generation facility. The Pilot Tariff also will aid the Board in assessing how best to balance renewable energy growth without unduly burdening customers who do not own private generation facilities. IPL appreciates the Board's consideration of its comments.

**WHEREFORE**, for the foregoing reasons, IPL respectfully requests that the Board find that IPL's Pilot Tariff is consistent with the Board's July 19<sup>th</sup> Order and approve the Pilot Tariff.

Dated this 18<sup>th</sup> day of November, 2016.

Respectfully submitted,

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