POST-CHARRETTE # 1 COMMENTS

Iowa Business for Clean Energy (IA BCE) submits these comments following Charrette #1 to highlight key issues raised by several stakeholders, along with a potential path toward addressing them.

During Charrette #1, stakeholders, including IA BCE, discussed how Iowa’s current approach to ratemaking, including advanced ratemaking, is not structured in a manner that adequately incentivizes utilities to make the best investment decisions for its customers. The state’s ratemaking framework, as is structured currently, fails to adequately address today’s energy challenges, including reliability and cost containment. It lacks the necessary transparency to ensure that Iowa customers are paying the least reasonable cost for high quality electric service. Due to inherent utility bias towards capital expenditures, utilities will neither emphasize nor invest in grid-enhancing technologies like load management, storage, and third-party distributed generation (DG) at the appropriate scale or pace unless their profit incentives are structured to encourage such investments.

Consensus of Non-Utility Stakeholders on Importance of Integrated Resource Planning
To address these challenges, there appeared to be a consensus of non-utility stakeholders on the importance of developing a robust, long-term Integrated Resource Planning (IRP) process. Iowa is in the small minority of vertically integrated states that do not require an IRP process. The lack of a required planning and procurement process prevents the Iowa Utilities Board from having the information it needs to make informed decisions on resource planning and limits the ability of a robust discussion on the adequacy of resource decisions being made by the utilities.

IRP Allows Opportunity for Competitive Procurement
Proactively identifying the capacity needs and planned procurement activities of a utility, which is enabled by the IRP process, enables the establishment of competitive solicitations to meet those identified needs. A regularly occurring competitive solicitation process provides clarity and certainty to potential developers and investors, ensuring a strong competitive environment to deliver the best value for ratepayers.
Aligning the IOU’s Financial Interests with Ratepayer’s Interests

Ultimately, a transparent, stakeholder-involved IRP process will provide the Board with the necessary framework to modify the financial incentives of the IOU to better align with the ratepayer’s interests. More states are leveraging the IRP to develop financial incentives using a performance-based ratemaking structure to help ensure a safe and reliable grid at an affordable price.

Iowa Business for Clean Energy looks forward to continuing to participate in this Notice of Inquiry and will respond to the Board’s new prompt requesting information for Charrette #2.

Respectfully submitted,

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