

STATE OF IOWA
DEPARTMENT OF COMMERCE
BEFORE THE IOWA UTILITIES BOARD

IN RE:

MIDAMERICAN ENERGY COMPANY

DOCKET NO. EEP-2018-0002

RESPONSE TO ADVANCE UPDATE OF PROGRAM FEATURES

COMES NOW the Office of Consumer Advocate (OCA), a division of the Iowa Department of Justice, and offers the following in response to the “Update of Energy Efficiency Plan Program Features” (Plan Update) filed with the Iowa Utilities Board (Board) by MidAmerican Energy Company (MidAmerican) on July 1, 2020:

1. On July 1, 2020, MidAmerican filed an update of Energy Efficiency Plan Program Features to be in place for the remainder of 2020. This second Plan Update for 2020 “reflects the significant impacts the COVID-19 crisis has had on plan implementation and spending.” (Update at 1). MidAmerican has implemented rebate adjustments across several Plan programs, “which are designed to assist residential and small business customers who have suffered significant economic hardship due to COVID-19 and the resulting economic precautions.” The increased rebate amounts will incentivize Plan program participation through the end of 2020 “to align with the Plan goals and budgets and provide additional support for residential and business customers who have suffered economic hardship as a result of the COVID-19 pandemic and resulting precautionary measures.” (Update at 2).

2. The COVID-19 crisis has understandably had negative impacts on MidAmerican's Plan implementation and spending. MidAmerican's Plan Update announces enhanced rebates for Residential and Nonresidential Programs. For residential customers, these measures include central air conditioners, smart thermostats, and air-source heat pumps. The enhanced rebates will help MidAmerican meet its spending and savings goals and will reduce the out-of-pocket costs for customers implementing eligible energy efficiency measures. While enhanced incentives can encourage greater customer participation in energy efficiency, the use of enhanced incentives as a response to the COVID-19 pandemic must be carefully structured to meet that purpose and should recognize that customers will be required to pay for the enhanced incentives at a time of great economic stress and uncertainty.

3. The priority at this time should be to ensure that customers can remain current on their utility bills and able to retain essential utility services. Enhanced energy efficiency incentives should focus on providing additional support to customers who are particularly vulnerable due to the economic challenges accompanying the COVID-19 pandemic. Some businesses have access to generous governmental stimulus benefits and may be able to afford energy efficiency impacts without enhanced incentives. Other businesses have not been able to take advantage of these benefits and have greater need for enhanced energy incentives. In the same manner that MidAmerican proposes to implement debt forgiveness to households and businesses impacted by COVID-19 and demonstrating need,¹ it should also target its energy efficiency enhancements to households and businesses in need. Where MidAmerican retains discretion over program incentives, for example the \$100,000 custom project cap and the \$250,000 customer incentive cap, OCA urges MidAmerican to carefully manage such projects to

¹ *In re: MidAmerican Energy Co.*, Docket No. ARU-2020-0156, Regulatory Accounting Proposal at 8 (June 1, 2020).

minimize free-ridership² and ensure that the enhanced incentives are supporting more robust projects with a focus on customer segments that face particular economic hardship as a result of COVID-19.

4. It is not evident how enhanced incentives for rather expensive energy efficiency measures will broadly meet the needs of MidAmerican's customers who are suffering significant economic hardship associated with COVID-19. Although not addressed in the Plan Update, OCA is aware of and praises MidAmerican's efforts to deploy approximately \$350,000 in supplemental weatherization funds within its energy efficiency plan to support energy efficiency measures in lower income households. In addition to the enhanced incentives for the Income Qualified Multifamily program, MidAmerican should distribute efficient lighting measures directly to Qualified Multifamily complexes along with materials explaining the benefits of encouraging residents to swap out their light bulbs for more efficient bulbs free of charge through the leasing office. These program efforts can more directly address the economic hardship facing Iowa households as a result of the COVID-19 pandemic. OCA urges MidAmerican to accelerate and potentially expand these program opportunities if funds exist, and to implement its Plan Update in a manner that focuses more singularly on those energy efficiency measures that are likely to be more widely accessible to its low-income, residential, and small business customers who are struggling with COVID-19 economic impacts.

² Free-ridership occurs when a customer is willing to make the same efficiency investment without the enhanced incentive. Enhanced incentives should be designed to motivate conduct that would not otherwise occur and to achieve greater and more comprehensive impacts.

WHEREFORE, OCA expresses its appreciation for MidAmerican's efforts to adjust its programs to address COVID-19 impacts and respectfully suggests that MidAmerican consider the foregoing recommendations in conjunction with the Update to Program Features, filed on July 1, 2020.

Respectfully submitted,

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