

STATE OF IOWA
DEPARTMENT OF COMMERCE
BEFORE THE IOWA UTILITIES BOARD

IN RE: DISTRIBUTED GENERATION	DOCKET NO. NOI-2014-0001
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**RESPONSE TO INTERSTATE POWER AND LIGHT COMPANY'S
PRELIMINARY IMPLEMENTATION PLAN**

The Office of Consumer Advocate (“OCA”), a division of the Iowa Department of Justice, provides the following Response to Interstate Power & Light’s (“IPL”) Preliminary Implementation Plan filed on March 28, 2016.

FACTS

On January 7, 2014, the Iowa Utilities Board (“Board”) issued an order commencing an inquiry into distributed generation (“DG”), inviting participants to comment on broad general questions related to the benefits and challenges of DG, both for utilities and their ratepayers, on policies that should be examined with respect to DG, and to identify the technical, financial, regulatory, and safety aspects of DG that participants would like to address in this inquiry docket. (Order Regarding Policy Statement, October 30, 2015, p. 1). Comments were received from over 170 participants, including utilities, utility associations, environmental groups, renewable energy advocates, and other organizations, businesses, and individuals. (Order Regarding Policy Statement, October 30, 2015, p. 1).

After considering the comments, the Board decided not to adopt a separate policy goal with respect to distributed renewable generation. (Order Regarding Policy Statement, October 30, 2015, p. 6). The Board determined that Iowa Code §§ 476.41 and 476.53A (2015)

sufficiently articulate the Legislature's intent to encourage renewable generation. (Order Regarding Policy Statement, October 30, 2015, p. 6).

Additionally, the Board determined that given the current status of DG development and net metering in Iowa, additional information would be required before any permanent policy or rule changes are made. (Order Regarding Policy Statement, October 30, 2015, p. 7). The Board discussed that one option would be to conduct a study on DG in Iowa, including quantification of costs and benefits but determined such a study would be premature because of the relatively low DG penetration levels in Iowa. (Order Regarding Policy Statement, October 30, 2015, p. 7). The Board ultimately concluded the best option would be for the utilities to conduct pilot projects exploring various aspects of net metering or other DG issues that could be used to inform future policy or rule changes. Pilot projects would provide information quicker without having to wait for higher DG penetration levels for a viable study. (Order Regarding Policy Statement, October 30, 2015, p. 7).

The Board determined a pilot approach creates an opportunity for innovation and the exploration of best practices outside the parameters of current net-metering policies. (Order Regarding Policy Statement, October 30, 2015, p. 7). It also 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. (Order Regarding Policy Statement, October 30, 2015, p. 7).

The Board also concluded pilot projects would avoid making significant changes to net-metering rules which may be premature since it is unclear whether the growth in DG will continue, given the uncertainty surrounding the future of the federal investment tax credits for solar projects. (Order Regarding Policy Statement, October 30, 2015, p. 8). Federal tax credits

set to expire at the end of 2016 and changes to Iowa Solar Energy System Tax Credits could impact solar's growth in Iowa. (Order Regarding Policy Statement, October 30, 2015, p. 8). The Board decided there was not sufficient information to change or expand the net-metering rules at this time. (Order Regarding Policy Statement, October 30, 2015, p. 9).

The Board suggested treatment of excess net-metering credits, such as diversion of any excess credits to a low-income fund, and whether the net-metering cap should be increased as two key topics that should be part of a net-metering pilot. (Order Regarding Policy Statement, October 30, 2015, p. 8). The Board encouraged all utilities (municipal, rural electric cooperatives, and investor-owned), but particularly the investor-owned utilities, IPL and MidAmerican Energy Company, to consider implementing pilot projects that would expand renewable DG in Iowa, and to collaborate with the participants in this NOI while developing pilot program proposals. (Order Regarding Policy Statement, October 30, 2015, p. 9).

I. IPL'S PRELIMINARY IMPLEMENTATION PLAN IS NOT CONSISTENT WITH THE BOARD'S OCTOBER 30, 2015, ORDER.

A. IPL's Residential and General Service Customer-Owned Renewable Rate Design Pilot Is Not Consistent With The Board's October 30, 2015 Order.

The Board, after two years and reviews of hundreds of comments from stakeholders, issued reasoned decisions and recommendations. IPL did not fully address the decisions and recommendations in its Residential and General Service Customer-Owned Renewable Rate Design Project. First, the Board suggested treatment of excess net-metering credits, such as diversion of any excess credits to a low-income fund, as a key topics that should be included as part of a net-metering pilot. (Order Regarding Policy Statement, October 30, 2015, p. 8). Instead, one reason for doing so could be to address cross-subsidization concerns and to allow low income customers to more directly realize benefits from renewable DG if they cannot afford to self-generate. IPL's Residential and General Service Customer-Owned Renewable Rate

Design Project proposes new pricing terms to account for excess net-metering credits as part of its pilot.

Second, the Board recommended IPL consider implementing pilot projects that would expand renewable DG in Iowa. (Order Regarding Policy Statement, October 30, 2015, p. 9). Expansion of renewable energy would align with Iowa Code §§ 476.41 and 476.53A which articulate the Legislature's intent to encourage renewable generation. (Order Regarding Policy Statement, October 30, 2015, p. 6). IPL's Residential and General Service Customer-Owned Renewable Rate Design Project does not promote renewable DG in Iowa but discourages renewable DG through a proposed rate design that increases rates for a new rate class consisting of all customers who add renewable solar energy at their premises in the future.

Third, the Board recommended that IPL collaborate with the participants in this NOI while developing pilot program proposals. (Order Regarding Policy Statement, October 30, 2015, p. 9). IPL's Residential and General Service Customer-Owned Renewable Rate Design Project is not the result of collaboration with participants in the NOI. IPL's Preliminary Implementation Plan is a summary of the positions IPL took in the NOI which the Board declined to adopt.

Fourth, the Board decided there was not sufficient information to change the net-metering rules at this time. (Order Regarding Policy Statement, October 30, 2015, p. 9). Yet, IPL's Residential and General Service Customer-Owned Renewable Rate Design Project attempts to change the net-metering rules by implementing a new more costly rate class consisting of all customers who add renewable solar energy at their premises in the future.

IPL's Residential and General Service Customer-Owned Renewable Rate Design Project is not consistent with the Board's order. The pilot was not the result of collaboration with

participants in the NOI. The Board should ask IPL to initiate a collaborative effort with the participants of the NOI in developing pilot programs consistent with the Board's order.

B. IPL's Large General Service Customer-Owned Renewable Rate Design Pilot Is Not Consistent With The Board's October 30, 2015 Order.

The Board, after two years and reviews of hundreds of comments from stakeholders, issued reasoned decisions and recommendations. IPL disregarded the decisions and recommendations in its Large General Service Customer-Owned Renewable Rate Design Project. First, the Board suggested treatment of excess net-metering credits, such as diversion of any excess credits to a low-income fund, and whether the net-metering cap should be increased from 500 kW to 1MW to include more facilities as two key topics that should be included as part of a net-metering pilot. (Order Regarding Policy Statement, October 30, 2015, p. 8). IPL's Large General Service Customer-Owned Renewable Rate Design Project does neither.

Second, the Board recommended IPL consider implementing pilot projects that would expand renewable DG in Iowa. (Order Regarding Policy Statement, October 30, 2015, p. 9). Expansion of renewable energy would align with Iowa Code §§ 476.41 and 476.53A which articulate the Legislature's intent to encourage renewable generation. (Order Regarding Policy Statement, October 30, 2015, p. 6). IPL's Large General Service Customer-Owned Renewable Rate Design Project does not promote renewable DG in Iowa but discourages renewable DG through a proposed rate design that increases rates for a new rate class consisting of all customers who add renewable solar energy at their premises in the future.

Third, the Board recommended that IPL collaborate with the participants in this NOI while developing pilot program proposals. (Order Regarding Policy Statement, October 30, 2015, p. 9). IPL's Large General Service Customer-Owned Renewable Rate Design Project is not the result of collaboration with participants in the NOI. IPL's Large General Service

Customer-Owned Renewable Rate Design Project is a summary of the positions IPL took in the NOI which the Board declined to adopt.

Fourth, the Board decided there was not sufficient information to change the net-metering rules at this time. (Order Regarding Policy Statement, October 30, 2015, p. 9). Yet, IPL's Large General Service Customer-Owned Renewable Rate Design Project attempts to change the net-metering rules by implementing a new more costly rate class consisting of all customers who add renewable solar energy at their premises in the future.

IPL's Large General Service Customer-Owned Renewable Rate Design Project is not consistent with the Board's order. The pilot was not the result of collaboration with participants in the NOI. The Board should ask IPL to initiate a collaborative effort with the participants of the NOI in developing pilot programs consistent with the Board's order.

C. IPL's Community Solar Pilot Project Is Not The Result Of Collaboration With The Participants In The NOI.

The Board recommended IPL collaborate with the participants in the NOI while developing pilot program proposals. (Order Regarding Policy Statement, October 30, 2015, p. 9). First, the Community Solar Pilot Project was not developed with the collaboration of the participants in the NOI.

Second, IPL suggests the subscription price will be based on IPL's avoided costs on file at the time of the contract. Current investigation requests are pending concerning the calculation of avoided costs in Docket No. INU-2014-0001. An avoided cost pricing structure that fails to fully recognize the benefits provided by the renewable generation in the pricing structure is not consistent with the legislature's intent to encourage renewable generation. Iowa Code §§ 476.41 and 476.53A discourages renewable DG.

Third, the pricing structure creates no incentive for IPL to create a successful project. Renewable energy should be designed to be a win-win for both IPL and its customers.

IPL's Community Solar Pilot Project is not consistent with the Board's order. The pilot was not the result of collaboration with participants in the NOI. The Board should ask IPL to initiate a collaborative effort with the participants of the in NOI in developing the Community Solar Pilot Project consistent with the Board's order.

CONCLUSION

The Office of Consumer Advocate respectfully requests the Board find IPL's Preliminary Implementation Plan is not consistent with the Board order, the pilots were not the result of collaboration with participants in the NOI, and that IPL should initiate a collaborative effort with the participants of the in NOI in developing pilot programs consistent with the Board's order.

Respectfully submitted,

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