

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: DISTRIBUTED GENERATION	DOCKET NO. NOI-2014-0001
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ORDER DIRECTING FILING OF NET METERING TARIFFS

(Issued July 19, 2016)

On October 30, 2015, the Utilities Board (Board) issued an “Order Regarding Policy Statement, Rate Design Presentations, and Net Metering Generation Pilots” in this docket wherein the Board encouraged all utilities, particularly MidAmerican Energy Company (MidAmerican) and Interstate Power and Light Company (IPL), the two investor-owned utilities, to develop “pilot projects exploring various aspects of net metering or other [distributed generation] issues that could be used to inform future policy or rule changes” for the purpose of expanding renewable distributed generation (DG) in Iowa. The Board directed investor-owned utilities to file a Preliminary Implementation Plan (PIP) for proposed pilot projects on or before January 28, 2016.

On January 19, 2016, IPL and MidAmerican each filed a motion to extend the deadline for filing a PIP. IPL and MidAmerican stated that they each were actively pursuing multiple pilot project ideas consistent with the goals set forth in the Board’s October 30, 2015, order, and that they would continue to collaborate with other

participants in this docket as they develop pilot project proposals. On February 16, 2016, the Board issued an order granting IPL's and MidAmerican's requests.

On March 28, 2016, IPL and MidAmerican filed their PIPs. Additionally, Winneshiek Energy District (WED) filed comments and a response to the Board's October 30, 2015, order, which also included a proposed pilot project. Several participants have filed comments related to the proposed projects.

The Board issued the October 30, 2015, order, directing the utilities to develop pilot projects with the expectation that these projects would provide additional information about DG development and net metering so that the Board could develop policy or rule changes relating to net metering. The Board allowed the utilities a certain amount of flexibility when designing the pilot projects, however the Board also specifically suggested that the utilities consider two key net metering topics, namely, the treatment of excess net metering credits and the question of whether the net metering cap should be increased.

Several participant comments have been received during the course of this inquiry that offer extensive reviews addressing these net metering topics and expressing concerns with the proposed pilot projects filed with the Board. To address these concerns and to obtain data concerning net metering penetration, the Board finds that the impact of raising the net metering cap and the treatment of excess net metering credits should be studied before the Board decides whether to make permanent changes to its net metering rules.

Under current procedures, net metering is a single meter monitoring only the net amount of electricity sold or purchased between a utility and a customer where the customer draws electricity from the utility and provides electricity back to the utility. The customer's generation is offsetting the customer's energy purchases from the utility. The customer may carry forward any electricity generated that exceeds the customer's usage indefinitely. The net excess generation (or excess credits) is available for the customer to use in future months when the customer's usage exceeds the customer's generation.

In order to collect the data necessary to determine whether permanent revisions need to be made to the Board's net metering policies, the Board will direct IPL and MidAmerican to file new net metering tariffs implementing temporary, yet specific, tariff changes that will be effective for a three-year study period. These new tariffs shall:

1. Increase the net metering cap from 500 kW to 1 MW (up to 100 percent of a customer's load);
2. Allow all customer classes to net meter but specify that each customer's generation will only offset the energy (kWh) charges and thus will not offset the customer charge or demand charge; and
3. Provide for an annual cash-out of excess credits at the utility's tariffed avoided cost rate. The data collected of the amount of excess credits generated by net-metered customers, those in excess of net-metering offset, should provide the

Board information to address possible rules changes. The annual cash-out shall take place during the first billing cycle of the calendar year. The funds from the cash-out will be divided evenly between the customer and the utilities' funds to provide assistance to customers in need¹ or the customer may choose to allow up to all of the excess credits to be distributed to provide assistance to customers in need.

These tariffs will be effective for all customers who file interconnection applications after the Board approves the tariffs. Customers on the current net metering tariffs shall have the option to take service under the new tariff and participate in the study. If an existing customer chooses to take service under the new net metering tariffs, the customer cannot return to the existing tariff. Those who decide not to participate in the study shall remain on their current net metering tariff.

In addition, the new tariffs should include a sunset provision stating that the tariff will expire three years from the date of its approval. Prior to the conclusion of the sunset period, the Board will determine whether the changes should be incorporated on a permanent basis along with revisions to 199 IAC 15.11(5), the current net metering rule. If, at the end of the three-year study period, the Board determines that these tariff changes should not be incorporated on a permanent basis, the customers who participated in the study shall be allowed to remain on that tariff for the life of the interconnected equipment.

¹ For IPL, this is the Hometown Care Energy Fund and for MidAmerican, this is the MidAmerican Energy Company's I CARE program.

IPL and MidAmerican shall provide data regarding DG and net metering prior to the implementation of the tariff so as to establish a baseline and shall provide data annually so that the Board can monitor any impacts that occur as a result of these specific changes. The data to be reported will be outlined in a subsequent order issued by the Board that approves the new tariffs.

The Board believes these changes are consistent with Iowa Code § 476.41, which encourages renewable energy development. In addition, the Board believes that this study will generate useful information regarding the penetration of DG and what policies will best balance the interests of customers and the utilities. The impact of these tariff changes can also assist in determining whether current interconnection rules are sufficient to ensure reliability of each utility's system with an increase in the cap to 1 MW.

It is likely that the financial impacts of these changes may be fairly limited, particularly since the customer is only allowed to offset its energy (kWh) charges. By studying the data collected as a result of the proposed tariffs, the utilities can report any negative changes to reliability for future consideration.

While the Board is directing IPL and MidAmerican to make these specific tariff changes, the Board encourages IPL and MidAmerican to continue to collaborate with participants on the PIPs since those projects will also provide valuable information in developing policies for addressing DG issues.

IT IS THEREFORE ORDERED:

Interstate Power and Light Company and MidAmerican Energy Company shall file proposed net metering tariffs as described in this order on or before August 15, 2016.

UTILITIES BOARD

/s/ Geri D. Huser

/s/ Elizabeth S. Jacobs

ATTEST:

/s/ Trisha M. Quijano
Executive Secretary, Designee

/s/ Nick Wagner

Dated at Des Moines, Iowa, this 19th day of July 2016.