

STATE OF IOWA
BEFORE THE IOWA UTILITIES BOARD

IN RE:	:	
	:	Docket No. EEP-2017-0001
MIDAMERICAN ENERGY COMPANY	:	

APPLICATION FOR APPROVAL OF FIVE-YEAR ENERGY EFFICIENCY PLAN

Pursuant to the Iowa Utilities Board’s (“Board”) Order in Docket No. EEP-2012-0002, issued December 16, 2013, Iowa Code § 476.6(15) (2017), and 199 Iowa Administrative Code Chapter 35, MidAmerican Energy Company (“MidAmerican”) files this Application For Approval of its proposed 2019-2023 Energy Efficiency Plan (“Plan”) and states the following in support:

I. BACKGROUND

1. Applicant. MidAmerican is a rate-regulated public utility as defined in Iowa Code section 476.1 and subject to the Board’s jurisdiction. MidAmerican’s Plan to offer energy efficiency programs to its electric and gas customers through a five-year energy efficiency plan complies with the statutory and administrative code requirements.

2. Current Plan. The Board approved MidAmerican’s current energy efficiency plan on December 16, 2013 in Docket No. EEP-2012-0002 (“Current Plan”). MidAmerican’s Current Plan continues through December 2018.

II. PLAN OVERVIEW

3. Cost-Effective Plan. With this Plan, MidAmerican charts a different course to provide energy efficiency programs that are not only cost-effective, but they also prioritize

reducing cost impacts to customers. MidAmerican's energy efficiency programs have helped customers realize significant energy savings over the years, in part resulting in a reduction of fossil-fueled generation. Over time, however, MidAmerican's energy efficiency programs have increased in size, requiring customers to pay a continually increasing amount for the programs. As of 2016, MidAmerican's energy efficiency spending is among the highest in the nation. The Plan will continue to provide substantial energy-saving opportunities to customers, but it will better manage the costs of energy efficiency to ensure that customer cost impacts are appropriate. Putting customer cost impacts first means that this Plan will result in "right-sizing" MidAmerican's energy efficiency programs compared to past plans.

This new course is critical for several reasons. First, the Plan is consistent with MidAmerican's pursuit of its vision to serve the energy needs of its customers with 100% renewable energy. Because of this ambitious renewable vision, the Board should consider the economics of energy efficiency on the same basis as MidAmerican's renewable energy. The Plan, therefore, proposes a different method for determining efficiency program cost-effectiveness to better align with MidAmerican's renewable development.

Additionally, the increase of renewable generation in the fuel mix highlights the need to reduce utility spending on energy efficiency. As a percentage of total revenue, MidAmerican's current electric energy efficiency program is 7.7%. This percentage is higher than any state in the nation according to the ACEE Scorecard from 2017, which directly impacts customers. For example, the average residential customer pays approximately \$125 per year for energy efficiency programs and some larger customers pay over \$1,000,000 per year. These numbers alone are significant, but in the context of an increasingly competitive market for energy services

where some customers have the ability to look at supply options in other states where efficiency spending is significantly less, it is critical to take action now.

The Plan proposes reductions to ensure that energy efficiency spending is not just cost-effective, but also cost-conscious. Under the Plan: 1) an average residential customer's cost could be reduced to \$58 per year, an approximately 54% decrease in the cost these customers pay for energy efficiency programs; 2) a commercial customer's cost would decrease \$152 per year; 3) an average industrial customer could see savings of over \$6,500 per year; and 4) some of MidAmerican's largest industrial customers could realize an average annual savings of \$435,000. These reductions will still result in the robust Plan outlined in this docket, but also will keep more money in customers' pockets.

MidAmerican's changing generation portfolio and the significant costs customers pay for energy efficiency programs requires a new course. With this Plan, MidAmerican proposes a right-sized, cost-effective Plan that balances the need to continue reducing future energy use and to keep energy prices low and stable for customers as MidAmerican continues to pursue its 100% renewable energy future. MidAmerican commits to stay within its Plan budget to ensure that programs remain cost effective and customer prices remain low.

4. Plan Details. While MidAmerican seeks to right-size the cost of the Plan, the scope of the Plan remains robust. MidAmerican's Plan includes a comprehensive set of 17 programs designed to help customers manage energy use, reduce costs, protect the environment and increase business competitiveness. The portfolio is designed to meet the varied needs of different customers, including:

- Electric and natural gas customers
- Residential, commercial, industrial, agricultural and governmental customers

- Large and small customers
- Homeowners, commercial building owners, and tenants
- Customers in existing and new buildings
- Customers buying individual pieces of equipment and customers pursuing more comprehensive energy efficiency solutions

The Plan and its program descriptions are contained in Volume II – Plan Description. Specifically, the Plan Description outlines the proposed programs for implementation, including implementation techniques, the number of eligible participants and expected participation per year, and the estimated annual peak demand and energy savings the programs will generate. The Plan also includes a budget for Assessments, which cover the remittances that MidAmerican collects from customers to fund the Iowa Energy Center, the Center for Global and Regional Environmental Research, and Board direct assessments related to energy efficiency plans. MidAmerican’s Plan is still a broad plan that will deliver cost-effective and cost-conscious energy efficiency options to MidAmerican’s customers.

5. Plan Savings Targets. MidAmerican’s Plan is designed to provide cumulative savings of 920 million kilowatt-hours and 29 million therms. By 2023, the Plan is projected to reduce MidAmerican’s electric peak demand by 472 MW. Finally, by year-end 2023, MidAmerican’s Plan is designed to have invested almost \$359 million in energy efficiency programs with a total net economic benefit of \$438 million to MidAmerican’s customers.

6. Programs and Measures Additions or Eliminations. MidAmerican proposes the following Plan changes from the Current Plan:

- Industrial Opt-out: Allows certain Rate ICR customers to withdraw from Plan participation

- Demand Response program changes, including reduction of the curtailment and seasonal credits and changing eligibility requirements
- Discontinuation of Residential HVAC Tune-up and Agriculture programs. HVAC Tune-up experienced low customer and trade ally participation, and the Agriculture customers will now be served through other existing residential and non-residential Plan programs

7. Required Board Findings. Iowa Code § 476.6(15) requires the filing of utilities' energy efficiency plans. The Board implements these energy efficiency plan requirements in 199 IAC Chapter 35. MidAmerican has provided specific information pursuant to the Board's rules and outlined the information in the Cross-Index, filed with the Plan. The Cross-Index contains a listing of the company witnesses who address specific Board requirements.

8. Collaboration with Other Utilities and Participants. MidAmerican closely collaborated with utility stakeholders in Current Plan implementation and Plan preparation. Stakeholders include other investor-owned utilities, Interstate Power and Light Company and Black Hills Energy; the Iowa Office of Consumer Advocate; and environmental stakeholders such as the Environmental Law and Policy Center and the Iowa Environmental Council. Opportunities to collaborate included:

- Development of the Iowa Technical Reference Manual, which provides uniform methods and formulas for determining energy savings for a wide variety of prescriptive energy efficiency measures and indirectly provides guidance on the proper economic valuation of those measures through uniform assumptions of load shapes.

- Net-to-Gross research of Iowa energy efficiency programs to help understand the cause and effect relationship between programs and energy savings.
- An Assessment of Energy and Capacity Savings Potential. A copy of the Joint Assessment report is included in Volume III of the Plan.

9. Participation. In developing its Plan, MidAmerican offered interested parties and other utilities the opportunity to participate in two MidAmerican-specific collaborative meetings. MidAmerican solicited stakeholder suggestions for programs, and review and comment on MidAmerican's Plan development.

10. Testimony. Along with the Plan program descriptions, MidAmerican provides supporting testimony and exhibits in Volume I, which address the Board requirements set forth in 199 IAC Chapter 35. The following MidAmerican witnesses present testimony in support of the Plan and Board rules:

- **Charles B. Rea** provides filing background, program summaries and addresses policy issues. Mr. Rea also supports the methodology used to develop the Plan, the Assessment of Energy and Capacity Savings Potential in Iowa, the evaluation plan to be used to measure program results, the specific calculations and modeling performed to establish goals for program participation, goals for energy and capacity savings and the cost-effectiveness analyses performed on the programs.
- **Martha H. Bakeris** provides load research and supports specific class load data for MidAmerican's system.
- **Jennifer L. Long** supports the specific inputs of the electric transmission and distribution avoided costs that are a part of MidAmerican's Avoided Electric Capacity and Energy Costs.
- **Neil D. Hammer** supports MidAmerican's Avoided Electric Capacity and Energy Costs, and provides the forecast of electric need and electric generation avoided costs.
- **Brian J. Wiese** addresses the forecast of natural gas needs and natural gas avoided costs.
- **Renee D. White** provides the MidAmerican customer bill and rate impacts.

III. CONCLUSION

11. MidAmerican's Plan filing meets the Iowa Code and Board rules requirements.

WHEREFORE, MidAmerican respectfully requests the Board approve MidAmerican's Energy Efficiency Plan for the program years 2019-2023.

DATED this 1st day of November, 2017.

Respectfully submitted,

MIDAMERICAN ENERGY COMPANY

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