

STATE OF IOWA
BEFORE THE IOWA UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NOS. TF-2016-0321, TF-2020-0237, TF-2020-0238
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REPLY TO ADDITIONAL COMMENTS

The Iowa Environmental Council (IEC) and the Environmental Law & Policy Center (ELPC), file this Reply to Additional Comments pursuant to Iowa Utilities Board’s (Board) Order Requiring Additional Information issued on October 6, 2020. In support of this Reply, ELPC/IEC reply to response comments on the following items listed in the Board Order Attachment A:

Item 1.

IPL’s proposed inflow-outflow tariff does not specifically address what ownership structures, such as facilities financed through third parties, will be allowed to participate in the inflow-outflow billing arrangement.

Please clarify what ownership structures will be allowed to participate in the inflow-outflow billing arrangement.

ELPC/IEC Response:

ELPC and IEC agree with the responses provided by Interstate Power & Light (IPL) and the Office of Consumer Advocate (OCA) on this issue. Iowa Code section 476.49(1)(e) defines an eligible distributed generation system. If a system meets the definition in the Iowa code, it is eligible for the inflow-outflow tariff and that eligibility definition does not restrict participation based on ownership structure.

Item 2.

IPL's proposed inflow-outflow tariff does not specifically identify whether customers will be allowed to aggregate accounts at different geographic locations to "virtually" meter.

Please clarify whether customers participating in the inflow-outflow billing arrangement will be allowed to "virtually" net meter.

ELPC/IEC Response:

ELPC and IEC have no comment on this item.

Item 3.

The opening paragraph on MidAmerican Energy Company's (MidAmerican) tariff Sheet No. 376 states: "In the context of the Rate IO tariff, the Customer's load is defined as the Customer's average annual energy usage based on recent billing data or estimated annual energy usage. The Company reserves the right to request from the Customer estimated annual energy usage if the Customer has less than one (1) year of billing data."

Terms and Conditions #7 on IPL's tariff Sheet No. 42.4 states: "If, at minimum, twelve months of usage is not available for the property, Company shall use the Customer's class average annual kWh energy usage in the determination of a Customer's annual electricity usage."

Winneshiek Energy District (Winneshiek), Iowa 80 Truckstop, and Iowa Environmental Council and the Environmental Law and Policy Center (IEC/ELPC) expressed concerns about IPL's method for determining the system size for customers that do not have 12 months of historical data. According to IEC/ELPC, MidAmerican develops such estimates based on a comparable customer. Iowa 80 Truckstop stated the industry sizes electrical equipment based on projected usage. Please comment on whether the method for determining a customer's average annual kWh energy usage, when 12 months of historical data is not available for the customer, should be the same for MidAmerican and IPL, and comment on the appropriate method for determining the system size for these customers.

ELPC/IEC Response:

ELPC and IEC support the change proposed by IPL in its Filing of Additional Information on October 16, 2020, related to the proposed modification to Terms and Conditions No. 7. IPL

changed its approach to customers without 12 months of electricity usage to allow for an estimate from the customer or for a comparable customer. This approach is likely to provide a more accurate load estimate for the customer, and it is more consistent with MidAmerican's approach. While not required by the statute, consistency between the utilities is helpful to customers and installers who may have operations in both utilities service territories.

In addition, as we noted in our initial objection, we would support a remedy to align customer usage with the system size allowed by law if an initial estimate of load for a project without load history was inaccurate.

Item 4.

The first full paragraph on IPL's tariff Sheet No. 42.3 and the fifth paragraph on MidAmerican's tariff Sheet No. 383 state: "The Company shall own and have title to the renewable energy attributes, renewable energy credits, and greenhouse gas emission credits related to all outflow credits."

IEC/ELPC and Winneshiek argue that the customer should retain all RECs produced when the outflow rate is set at the retail rate and notes that RECs will be specifically accounted for in a value of solar rate. Iowa 80 Truckstop believes RECs should remain with the customer.

ELPC/IEC Response:

As ELPC and IEC articulated in our initial objection, the existing net metering pilot tariffs allow customers to retain RECs. Section 476.49 is silent on the treatment of RECs, but does allow for the value of RECs to be accounted for as a factor in the value of solar methodology. Iowa Code § 476.49(4)(b)(10). There are a number of prospective distributed generation customers who value the RECs to meet sustainability goals and to be able to claim credit for their renewable energy as has been demonstrated in comments in this docket by Winneshiek Energy District and a number of other commenters. Any approach in the inflow-outflow tariffs to RECs should reflect that SF 583 provides a transition from net metering to a long-term approach for a value-of-solar

methodology as well as the broader consideration of allowing customers who value RECs to have access to them.

IPL responded that because customers would receive more than avoided cost for the outflow energy, IPL should receive the RECs as part of the purchase. (IPL Response at 6.) IPL and MidAmerican both argued that if RECs were not included in the outflow purchases, there would be no need to include them as part of the Value of Solar compensation assessment. ELPC and IEC believe this misunderstands the approach codified by the statute.

MidAmerican appears to take the position that the inflow-outflow approach moves customers to the Value of Solar method in all but compensation. (*See* MidAmerican Response at 3.) In fact, SF 583 codified net metering for the first time, provided inflow-outflow as a short-term alternative to net metering, and allowed a long-term path to compensation for distributed generation. As an alternative to net metering, the inflow-outflow method provides a transition from the existing net metering tariffs. As such, it has characteristics of both net metering (e.g., compensation at retail rates) and Value of Solar (e.g., using shorter increments of output, rather than annual net production and consumption). Claiming that it has all the characteristics of the future VOS – and that the value of RECs must go to the utilities – misunderstands the law.

The utilities' position that the value of RECs are captured in the existing retail rate makes significant assumptions, without any basis, about the future rate set by the Value of Solar methodology. The future value of solar rate may be greater or less than the current retail rate. This is unknown currently. If the value of solar rate is greater than the current retail rate that would indicate that there are benefits to the utility and its customers above and beyond what the retail rate compensates for. In such a situation, it would be appropriate for the customer to keep the RECs because the retail rate would not compensate them for the full value provided. Conversely,

if the value of solar rate is less than the current retail rate that would indicate all the benefits provided by the distributed generation are captured in the rate and it would be appropriate for the REC for an outflow purchase to belong to the utility. Without knowing whether the current retail rate is more or less than the VOS rate, it is appropriate to allow the customer to keep RECs as they currently do under the existing net metering framework.

The fair way to calculate the customer compensation for RECs is through an administrative proceeding. The statute contemplates this by including RECs as part of the VOS methodology to be adopted through an administrative proceeding. Further, the statute contemplates that it would create an unnecessary burden to set a value of the components of VOS now, when solar is a small fraction of the energy production in the state, and sets a threshold to commence the VOS methodology is no later than five percent DG penetration or a utility petition after July 1, 2027. We expect the RECs would not provide a significant monetary value to customers as a whole, but there may be significant value to the customer installing the distributed generation. While it may be possible to fairly calculate the value of RECs through a proceeding, the simpler approach is for the RECs to stay with customers as part of the transition from existing net metering until the VOS rate is calculated.

MidAmerican proposed that if customers were interested, they could buy back their RECs. (MidAmerican Response at 4.) While this provides an avenue for customers to retain the RECs, it is unclear how MidAmerican values the RECs or how customers obtain them. As previously noted, to accomplish this fairly would require a proceeding.

OCA argued that because utilities would purchase at a rate higher than avoided cost, the utilities should receive the RECs on behalf of all customers. (OCA Response at 4-5.) As noted above, the statute sets up a Value of Solar framework and a comparison to avoided cost rates is

not the right reference to provide guidance in this situation. The RECs in question would necessarily be a very small amount: the statutory threshold to commence the VOS methodology is no later than five percent DG penetration or a utility petition after July 1, 2027. Iowa Code § 476.49(4). The RECs are further limited to those exceeding the customer's own consumption at any interval. Retaining self-generated RECs could be significant for individual customers with clean-energy targets, but would have negligible effect on the overall rate of renewable energy for a utility's total customers.

Item 5.

Terms and Conditions #1 on IPL's tariff Sheet No. 42.4 states: "Customer may be served from a distribution transformer which serves no other Customer."

Please explain what the quoted language means and whether such language should be included in all net billing or inflow-outflow tariffs.

ELPC/IEC Response:

IPL stated that the referenced language means "the distribution transformer may be replaced to serve a single interconnection customer due to potential distribution system changes brought on by the addition of the distributed generation facility," and that this has the same meaning as the existing net metering tariff. ELPC and IEC did not find the response from IPL to provide additional clarity. We seek further clarification on what this language means, why this is necessary, is this at a distributed generation customer expense, and how this would be used in practice.

Item 6.

Winneshiek states that size caps must be flexible enough to allow customers to grow their distributed generation systems concurrent with usage.

Please comment on Winneshiek's concern and provide alternative language if applicable.

ELPC/IEC Response:

ELPC and IEC have no comment on this item.

Item 7.

Winneshiek Energy District, Iowa 80 Truckstop, and IEC/ELPC argue that the language of Terms and Conditions #5 on IPL's Sheet No. 42.4 could preclude inflow-outflow tariff participants from offering paid electric vehicle charging to customers or employees. Winneshiek Energy District, Iowa 80 Truckstop, and IEC/ELPC also argue that language contradicts 199 Iowa Administrative Code rule 20.20.

Please respond to these comments.

ELPC/IEC Response:

IPL in its inflow-outflow tariff and comments takes an overly restrictive approach to the eligibility criteria of on-site electric requirements that is not supported by the statute or other stakeholders. IPL specifically states that "The on-site electric requirements of the customer cannot reasonably be read to include the electric fueling requirements of *any* member of the public with an electric vehicle." (IPL Filing of Additional Information at 9 (emphasis added).)

The flaw in IPL's approach is clear by exploring a basic example of on-site electric requirements that exist today – free charging. Free charging exists in multiple applications today as a benefit to a customer, employee or the business itself in the case of its fleet,¹ but IPL's interpretation of on-site electric requirements would not allow a customer to be on the inflow-outflow tariff and offer free charging to members of the public.

¹ MidAmerican specifically acknowledged that this would be considered on-site use in its comments. (MidAmerican response at 6.)

MidAmerican's position that a customer with incidental EV charging should still qualify for an inflow-outflow tariff illustrates another set of charging scenarios that IPL would unduly prohibit from eligibility for the inflow outflow tariff. (MidAmerican Response at 6.) To use an example similar to MidAmerican's, a grocery store with two Level 2 chargers – which would take several hours to recharge an EV – is not really in the business of selling EV charging or electricity. Any revenue from the EV chargers would be negligible for the business. If, at any time, the charging stations were powered by the customer's own generation, IPL would remove the customer from the inflow-outflow tariff.² Many, if not most, of the commercial EV charging stations paired with solar will be similarly incidental uses. Other such incidental examples of solar paired with EV charging include the parking garage with solar on the roof and a handful of EV charging stations, the bank with solar and EV charging, and the movie theater with solar canopy parking stalls and EV charging. There are likely countless other examples, and IPL would prohibit use of the inflow-outflow tariff for all of them and more. The proposed tariff and interpretation is unreasonably restrictive.

These examples all likely use a Level 2 charger. With existing technology, a Level 2 charger takes hours to provide the typical electric vehicle a full charge. Providing a Level 2 charging opportunity is almost always, if not always, going to be incidental to a commercial entity's business. A customer or employee would either get a minimal charge as a side benefit to their visit or that person would be on site for a large portion of the day to get a full charge. Either way, the charging would not be the primary purpose of the visit.

² Under its initially filed tariff and proposed revision, IPL would prohibit the DG facility from being "used to serve" any usage that IPL considers to be for "other than the on-site usage of the customer." Tariff at 42.4; IPL Response at 9.

IPL did offer to modify the tariff to remove an absolute prohibition on resale of electricity and instead incorporate language of the statute. The language still gives IPL significant discretion to remove customers and does not solve the problems with IPL's approach to its interpretation of on-site electric requirements. Under this revised tariff language, IPL would remove eligible customers from the inflow-outflow tariff and force them to complain to the Board for relief. Given IPL's stated interpretation in this docket and its history of placing barriers for customers (*see e.g.* TF-2017-0305), there needs to be clarification language as to the interpretation of on-site electric requirements.

OCA provided a suggestion for one possibility of the type of clarifying language that could be included in the tariff by stating customers with EV charging that complies with 199 Iowa Administrative Code rule 20.20 should be eligible for the inflow-outflow tariff. (OCA Response at 6.) ELPC and IEC agree with OCA's position that a customer complying with rule 20.20 and not classified as a public utility should be eligible for the inflow-outflow tariff. Although the Board has proposed to revise rule 20.20, the tariff should not restrict access beyond the application of the rule. Another possibility for clarifying language would be to state that "any EV charging that is incidental to the customer's business is considered on-site electrical use."

Item 8.

IPL's eligibility criteria include language that the facility's generating capacity and associated energy is intended to serve only the on-site electric requirements of the customer. On page 4 of its filed comment, IEC/ELPC states: "We consider on-site electric vehicle charging to be the customer's needs consistent with the eligibility requirements of the statute." Winneshiek's and Iowa 80 Truckstop's comments reiterate this position.

Please respond to contentions raised by IEC/ELPC, Winneshiek, and Iowa 80 Truckstop.

ELPC/IEC Response:

As described above in response to Item 7, ELPC and IEC take the position that not all customers providing EV charging for the public should be prohibited from participating in the inflow-outflow tariff.

Item 9.

IEC/ELPC point out that Terms and Conditions #11 on IPL's tariff Sheet No. 42.5 provides that customers are eligible for the tariff for 20 years, but the tariff does not specify that the purchase rate will be in effect for the 20-year period.

Please respond to IEC/ELPC's concern.

ELPC/IEC Response:

IPL proposed to modify the tariff to align with the language of section 476.49. ELPC and IEC have no objection to the language IPL proposed.

Respectfully submitted this 21st day of October, 2020.

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