

Oppose Senate File 2311

This bill undermines Iowa's clean energy leadership by effectively ending utility energy efficiency programs and removing consumer protections and oversight. This bill will increase energy costs, threaten nearly 20,000 energy efficiency jobs, reduce consumer choice, and increase reliance on fossil fuels.

Iowa has some of the lowest energy rates in the Midwest and the country while at the same time developing one of the strongest clean energy economies. This bill undermines policies that have led to Iowa's cost-effective clean energy leadership.

Major Issues with SF 2311

Deregulation Without Competition

- This bill is designed to give Iowa's monopoly utilities a free pass to raise rates on their customers.
- Consumers have no choice in their provider for electric or gas service. This bill deregulates utilities **without providing for any competition.**
- The bill **decreases consumer choice.** The bill could scale back or even eliminate the few consumer choices available today, including energy efficiency.

Undermining Iowa's Leadership and Economic Benefits on Clean Energy

- There were over **20,000 direct jobs in the energy efficiency sector in Iowa** in 2016.ⁱ These jobs are threatened as the bill threatens to eliminate energy efficiency programs.
- In 2016, Iowa was ranked as the **third least expensive state overall for energy prices.**ⁱⁱ Iowa's long-standing energy efficiency programs have helped keep energy costs low in Iowa.
- Utility efficiency programs generate between \$2 and \$3 in benefits for every \$1 invested.
- Iowa must import 100% of the coal, natural gas, and petroleum products we use. This drains more than \$6 billion per year out of Iowa. Energy efficiency is a local resource that supports local jobs rather than sending more money out of state.

Shifting Costs and Risks to Consumers

- Reduces needed oversight on all utilities, including the rural electric cooperatives that already have the highest rates and fewest options for customers to manage energy bills.
- Rolls back energy efficiency, which is a very low-cost resource. Energy efficiency benefits everyone and helps **keep utility rates low and stable for all customers.** Rolling back energy efficiency will increase costs to customers in the long run.
- Eliminates oversight on expensive equipment to control emissions at coal plants and replaces with voluntary, pre-approval for passing costs to customers.

Attack on Energy Efficiency

- Makes programs **entirely optional for all customers**, allowing them to ‘opt out’ of the program at any time.
- Puts substantial and arbitrary limits on how much utilities spend on energy efficiency and demand response (either 1.5% for gas or 2% for electric, set as a percentage of revenue from participating customers).
- Even if no customers opt out (which is highly unlikely) this 2% limit could result in a **cut of 75% or more to programs available for business, industrial, and residential customers**. If customers opt out, the limited available funds could be used entirely for demand response with **no funding available to energy efficiency**.
- Minimum participation is 10% of customers, meaning that **efficiency programs could see a 90% reduction in budgets and participation** and satisfy the bill’s requirements.
- Adds a particular cost-effectiveness test (total resource cost test) that will scale back energy efficiency options and result in less savings.
- Reduces or eliminates IUB oversight on rural electric cooperatives’ energy efficiency.
- Eliminates IUB reporting on efficiency to the General Assembly, reducing accountability.

Attack on Consumer Protection and Consumer Choice

- Exempts electric coops from rules on customer deposits, meaning there would be no limits on the charges for new customers to get connected or re-connected.
- Removes or restricts IUB oversight on a wide range of critical issues, including energy efficiency, coal plant emissions controls, consumer protections, and rural electric coops and municipal utilities.

Bill Process

SF 2311 was passed by the Senate on March 6th on a 27-23 vote with Sens. Schneider, Bertrand, and D. Johnson joining all of the Democrats to oppose the bill. The bill must pass the House Commerce Committee by March 16th to stay alive for the Session.

ⁱ Clean Energy Trust, *Clean Jobs Midwest: Iowa* (2017) at <https://www.cleanjobsmidwest.com/state/iowa>.

ⁱⁱ *Iowa Energy Plan* (2016) at 4. Available at <http://iowaenergyplan.org/>.