

**STATE OF IOWA  
DEPARTMENT OF COMMERCE  
BEFORE THE IOWA UTILITIES BOARD**

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<b>IN RE:</b>	)	<b>DOCKET NO. DRU-2017-0002</b>
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<b>MIDAMERICAN ENERGY COMPANY</b>	)	<b>INITIAL COMMENTS</b>
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The Environmental Law & Policy Center and the Iowa Environmental Council (“Environmental Intervenors”) provide the following initial comments in Docket No. DRU-2017-0002:

**I. Background**

On May 12, 2017, MidAmerican Energy Company (“MidAmerican”) filed a petition for a declaratory order (“DRU”) requesting that the Iowa Utilities Board (“Board”) approve an exception to MidAmerican’s tariff to allow them to exclude certain federal production tax credit (“PTC”) benefits from their Energy Adjustment Clause (“EAC”). The exclusion would apply to credits obtained through the repowering of up to 706 existing wind turbines. Repowering these turbines would, per IRS guidance, allow MidAmerican to claim PTCs on the generation from these turbines.

On May 16, 2017, the Board issued an “Order Giving Notice of Declaratory Proceeding and Setting Telephone Scheduling Conference” that opened the proceeding and set a preliminary procedural schedule.

On May 19, 2017, the scheduling conference took place.

On May 24, 2017, the Office of Consumer Advocate filed a motion to dismiss, stating that a DRU is not the correct venue for this proceeding and that a request for waiver (“WRU”)

docket would be more appropriate.

Per Iowa Code § 17A.9, the Board has sixty days to respond to a petition for declaratory order or it is deemed to have been denied. The deadline for the Board to make a ruling in this case is July 11, 2017. On May 25, 2017, the Board issued an order setting a procedural schedule in the docket. Petitions to intervene, initial comments, and MidAmerican's response to OCA's Motion to Dismiss are due on June 1, 2017. Reply comments are due June 9 and an informal meeting is tentatively scheduled for June 14, 2017.

## **II. MidAmerican's Repowering Proposal will Benefit Customers and Renewable Deployment in Iowa.**

Iowa's early leadership on wind energy positions Iowa to lead on and benefit from repowering. Iowa saw significant wind development in the 2000s, including a number of wind projects by MidAmerican Energy, which can now benefit from repowering. Because of that early wind development, Iowa currently has more wind capacity potential for repowering than almost any other U.S. state. As MidAmerican's May 12<sup>th</sup> petition highlights, one of the key benefits from repowering is a higher capacity factor for repowered turbines as a result of longer blades and more efficient nacelles. A recent press release on repowering by GE Renewable Energy identifies an increase in wind farm output by up to 25%, which is consistent with our preliminary estimates of the increased energy generation from this project (additional analysis may be helpful to better understand increases in both capacity factor and annual energy generation).<sup>1</sup> In addition to this benefit, repowering is expected to extend the operating life of wind turbines considerably. GE Renewable Energy identifies an extension in operating life of up to 20 years.<sup>2</sup> The higher capacity factor and extended operating life will provide significantly greater clean energy and

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<sup>1</sup> <http://www.genewsroom.com/press-releases/ge-adds-value-us-wind-turbine-industry-its-repower-offering-283781#>

<sup>2</sup> *Id.*

environmental benefits from the repowered wind projects than if those projects are not repowered. In addition to energy benefits, MidAmerican outlines the important economic development benefits from repowering, including local job creation, local spending, and higher property tax revenue to counties associated with repowering construction and investment. We support MidAmerican's proposal to repower 706 GE turbines because of these clean energy, environmental, and economic benefits.

**III. It is Critical that the Board Rules on MidAmerican's Repowering Proposal in a Timely Manner.**

There are important timing considerations regarding this project, including eligibility for federal PTCs and availability of equipment and labor to repower Iowa wind projects. There is a window of time to ensure that this project qualifies for 100% of the federal production tax credit, assuming MidAmerican is utilizing the 5% safe harbor provision in IRS guidance. DRU-2017-0002, MidAmerican Petition for Declaratory Order at p. 3, fn 5 (filed May 12, 2017). In addition, the National Renewable Energy Laboratory projects that repowering activity is expected to pick up considerably after 2020 nationally with a "substantial increase in repowering activity in the early 2020s."<sup>3</sup> By moving now, MidAmerican can complete its proposed repowering project prior to substantial repowering activity in other states that could limit availability and/or raise costs of parts and equipment or labor.

We support timely approval of MidAmerican's repowering proposal in order to secure 100% of the federal PTC and ensure the equipment and labor is available for repowering all of the proposed 706 GE turbines.

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<sup>3</sup> NREL, *Wind Power Project Repowering: Financial Feasibility, Decision Drivers, and Supply Chain Effects* (December 2013) at 19.

**IV. The Board Should Consider Whether or Not a DRU is the Appropriate Type of Docket for this Proceeding.**

The Board should consider whether a DRU is the most appropriate type of proceeding for MidAmerican's request. Iowa Code Section 17A.9 (2017) and 199 IAC 4.1 both state that the purpose of a DRU is to provide clarification as to the applicability of a statute, rule, or order in specific circumstances. However, MidAmerican explicitly states in several sections of its petition that it is asking for an exception or exemption from a portion of its tariff. This includes the first paragraph of the petition, which states:

MidAmerican Energy Company ("MidAmerican"), pursuant to 199 IAC 4.1, requests that the Iowa Utilities Board ("Board") issue a declaratory order declaring that MidAmerican can create a specific exemption from the Energy Adjustment Clause ("EAC") in its tariff.

MidAmerican Petition for Declaratory Order at page 1.

We share the Office of Consumer Advocate's concern that MidAmerican appears to be asking for an exception to, rather than a clarification of, its current tariff. A Board order in this case could have impacts to the EAC that could go beyond this current repowering effort. We are also concerned that the use of a DRU docket in this case could set a precedent for future requests from parties regarding tariff interpretation where such a proceeding may be even less appropriate. As such, we believe that a WRU is likely a more appropriate venue for consideration of this proposal.

If the Board determines that MidAmerican must file the request in another type of docket, we urge the Board to set an aggressive timetable for review and act on any new request as quickly as possible. The Board should set a schedule that allows for a decision on a timetable that will allow MidAmerican to ensure the entire repowering project is eligible for 100% of the federal PTC.

**V. The Environmental Intervenors Are Available for an Informal Meeting.**

If the case proceeds as a DRU, the Environmental Intervenors are available to participate in an informal meeting on June 14.

**VI. Conclusion**

The Environmental Intervenors support MidAmerican's proposal to repower 706 existing wind turbines, because of the large benefits for consumers and economic development in Iowa as well as the environmental benefits of increasing renewable generation. Although it is very important that consideration of this proposal happens quickly, a DRU docket is likely not the best venue for the proposal. Another docket, such as a WRU, appears to be more appropriate. If the Board decides the proceeding should take place in another docket, we urge the Board to set a schedule that will lead to a timely decision and allow MidAmerican to ensure the entire repowering project is eligible for 100% of the federal PTC.

Respectfully submitted this 1st day of June, 2017.

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**ATTORNEYS FOR INTERVENORS**