

Summary of Senate File 2311 Iowa Energy Omnibus Bill passed in 2018 Legislative Session

Major Provisions Affecting Energy Efficiency

1. Spending caps:

- SF 2311 establishes spending caps for electric efficiency, natural gas efficiency, and demand response. The spending caps are based on retail rate revenue for an electric utility's electric efficiency and demand response programs and for a natural gas utility's gas efficiency programs. The bill prohibits the IUB from requiring utilities to go above the following caps:
 - 2% of an electric utility's Iowa retail rate revenue for electric efficiency
 - 2% of an electric utility's Iowa retail rate revenue for demand response
 - 1.5% of a gas utility's Iowa retail rate revenue for gas efficiency
- *Impacts:*
 - Compared to recent spending, the electric efficiency cap presents a cut of up to 67% and the gas efficiency cap presents a cut of up to 83%. However, the demand response cap is unlikely to constrain demand response spending.
 - The exact impacts of these drastic cuts will be clear soon as Alliant and MidAmerican file plans to comply with these requirements.

2. Opt out:

- SF 2311 establishes the potential for all customers to opt out of energy efficiency plans. If a utility's efficiency and demand response plans have a cumulative ratepayer impact (RIM) test result of less than one when approved by the IUB, the utility and the board must allow customers to opt out upon request.
- If a customer opts out, the customer is not assessed with costs of the plan and cannot participate until the opt out (or exemption) no longer applies, which is determined by the IUB.
- *Impacts:*
 - Significant numbers of customers opting out would shrink program budgets and savings considerably and make program administration unworkable or impossible.
 - Conversely, ensuring that no opt out is allowed by designing a plan that scores above 1 on the RIM test will result in a plan skewed towards more demand response and less efficiency.

3. Total resource cost test:

- SF 2311 adds the total resource cost test to the list of tests the IUB is required to apply in determining the cost-effectiveness of efficiency programs.
- *Impact:* Relying on the TRC is likely to eliminate energy efficiency measures or programs, even though those measures and programs are cost-effective under other tests. Some measures, including important measures like household insulation, fail the total resource cost test but pass other tests, including the societal test. The societal test has been the primary test in Iowa.

MidAmerican proposed using the TRC as the primary test in its Nov. 1, 2017 efficiency plan filing, although this may change when it refiles its efficiency plan with the IUB.

4. Timing/Termination of efficiency plans:

- SF 2311 requires the IUB to approve (or reject or modify) utility efficiency and demand response plans consistent with the new requirements in the legislation by March 31, 2019. If the IUB has not approved, rejected or modified a proposed plan by this date, any efficiency or demand response plan that has been approved previously is terminated.
- IUB also cannot require a utility to implement a plan that does not meet the requirements of the new law.
- *Impacts:* This provision creates the possibility that IOUs will have no efficiency plans in place after March 2019.

5. Exempting cooperative and municipal utilities:

- SF 2311 strikes the sections of Iowa Code that have required cooperative and municipal utilities to assess energy efficiency potential, establish energy efficiency goals, and offer a wide range of cost-effective efficiency programs to meet the goal.
- *Impacts:* The customers of Iowa's approximately 175 cooperative and municipal utilities will have limited or no access to energy efficiency rebates, technical assistance, assessments, and programs that help customers control and reduce energy bills. This will also increase long-term energy costs and decrease efficiency jobs in the communities served by coops and munis.

Major Provision Affecting Solar

- SF 2311 exempts municipal utilities from the broad anti-discrimination section of Iowa Code related to renewable energy, which prohibits utilities from discriminating against customers on the basis of renewable energy use (current or planned). The types of discrimination that are prohibited include "rates or charges for any service or commodity," "discontinue services" and subjecting the customer to "any other prejudice or disadvantage."
- *Impacts:* Municipal utilities can be expected to attempt a wide range of discriminatory practices, unless banned by another section of state or federal law that are more narrow in scope. Municipal utility customers that experience discrimination can no longer address these concerns before the IUB in an efficient and accessible proceeding and need an attorney to file a claim in court. Discrimination could include higher charges, interconnection costs, delays in interconnecting, or other consequences from using renewable energy.

Additional Provisions Affecting Clean Energy

- Removed broad IUB oversight of coops and munis, including Iowa policy language related to promotion of renewable energy
- Repowering of wind facilities made eligible for advanced ratemaking treatment
- Directs the Iowa Economic Development Authority with the Iowa Department of Transportation and utility industry to study and report to General Assembly on electric vehicle infrastructure