



MINUTES

Energy Efficiency Plans and Programs Committee

November 13, 2008

MEMBERS PRESENT:

Senator Joe Bolkcom, Co-chairperson
Senator William Heckroth
Senator David Johnson
Senator Rich Olive
Senator Pat Ward

Representative Nathan Reichert,
Co-chairperson
Representative Bob Kressig
Representative Chuck Soderberg
Representative Ralph Watts

MEETING IN BRIEF

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Organizational staffing provided
by: Rick Nelson, Senior Legal
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- I. Procedural Business
- II. Iowa Utilities Board
- III. MidAmerican Energy
- IV. Alliant Energy
- V. Iowa Association of Electric Cooperatives
- VI. Iowa Association of Municipal Utilities
- VII. Iowa Policy Project
- VIII. Office of Consumer Advocate
- IX. Office of Energy Independence
- X. Iowa Environmental Council
- XI. Plains Justice
- XII. Materials Filed With the Legislative Services Agency



Energy Efficiency Plans and Programs Committee

I. Procedural Business

Call to order. The first meeting of the Energy Efficiency Plans and Programs Interim Study Committee was called to order at 9:00 a.m., Thursday, November 13, 2008, in Room 19 of the State Capitol Building.

Election of Permanent Co-chairpersons. Members of the Energy Efficiency Plans and Programs Interim Study Committee elected temporary Co-chairpersons Bolkcom and Reichert as permanent co-chairpersons.

Adoption of Rules. Members of the Energy Efficiency Plans and Programs Interim Study Committee adopted procedural rules which are available, upon request, from the Legislative Services Agency.

Next Meeting. The Committee's second meeting is scheduled for December 3, 2008, at 9:00 a.m. in Room 103 of the State Capitol Building.

Adjournment. The Committee recessed for lunch at 12:25 p.m., reconvened at 1:23 p.m., and adjourned at 3:40 p.m.

II. Iowa Utilities Board

Mr. John Norris, Chairperson, Iowa Utilities Board (IUB), testified regarding the energy efficiency plans for investor-owned utilities (IOUs), municipal utilities, and rural electric cooperatives. Mr. Norris stated that energy efficiency plans filed by IOUs in 2008 will be for the years 2009-2013 and that IUB directed IOUs to include in their plans a scenario for achieving a 1.5 percent energy savings on or before December 31, 2011. Mr. Norris stated that typically for every \$1 spent on energy efficiency, \$2 of benefits are realized. Mr. Norris stated that Iowa is ranked third in the nation for the amount of per capita spending on energy efficiency. Mr. Norris stated that the IOU electricity saved by the energy efficiency programs initiated in 2007 is 282,000 MWhs and natural gas saved by the energy efficiency programs initiated in 2007 is 806,000 MCfs. The 1.5 percent savings scenarios for IOUs would be approximately 520,000 MWhs for electricity and 1 million MCfs for natural gas. The estimated cost of achieving the new electric goals would be approximately \$133 million and for achieving the new natural gas goals would be approximately \$49 million. The estimated cost for energy efficiency programs initiated in 2007 is approximately \$78 million for electricity and approximately \$28 million for natural gas.

Mr. Norris identified new IOU electric and natural gas energy saving programs and outlined the energy efficiency planning timelines for municipal utilities and rural electric cooperatives.

In response to comments and questions by the Committee, Mr. Norris stated that he is open to the idea of decoupling if energy efficiency can be demonstrated and noted that decoupling frequently occurs in states where there is little energy efficiency programming. Decoupling is the separation of a utility's profits from its sales of the energy commodity. Mr. Norris stated that while Vermont has a much higher total per capita spending on energy efficiency than Iowa, the higher spending is not necessary due to Vermont's third-party administrator. Discussion also included the merits of disclosing energy efficiency program-related costs on utility customer bills.



III. MidAmerican Energy

Ms. Diane Munns, Vice President of Regulatory Affairs and Energy Efficiency, MidAmerican Energy, stated that Iowa is a leader in energy efficiency. Ms. Munns stated that energy efficiency programs can be improved through administrative cost controls, coordination of programs, and education. Ms. Munns stated that the best practices in other states should also be examined. Ms. Munns stated that the use of a third-party administrator can be done well or poorly and is not necessarily a solution for every state. She stated a third-party administrator is not needed in Iowa. Ms. Munns stated that while load management may not lower overall electricity consumption, it is an important part of energy efficiency. Ms. Munns stated that savings opportunities for electricity is greater than savings opportunities for natural gas. Ms. Munns stated that there is a need to incent utilities to use improved technologies.

IV. Alliant Energy

Ms. Kimberly G. King, Manager of Energy Efficiency and Demand Side Management, Alliant Energy, testified regarding electricity and natural gas savings under Alliant's current energy efficiency programs and discussed its targeted savings under the proposed 2009-2013 plan. Ms. King provided new ideas for energy efficiency programs including quality installation, home performance with ENERGY STAR, targeted residential energy efficiency opportunity, combined heat and power, advanced metering technology, compact fluorescent lamp (CFL) recycling, builder training, and renewables.

In response to questions, Ms. King stated that quality installation of energy efficient products is an ongoing problem which could be addressed through a certification program. Ms. King identified the energy programs focused on victims of the 2008 floods and stated that collaboration between the IOUs on energy efficiency programs exists and works and there is now an effort to seek collaboration with municipal utilities.

V. Iowa Association of Electric Cooperatives

Mr. Regi Goodale, Director of Regulatory Affairs, Iowa Association of Electric Cooperatives, summarized the impact of S.F. 2386 from the 2008 Legislative Session on rural electric cooperatives (RECs). Mr. Goodale noted that some energy efficiency programs used by IOUs will not work well for RECs since RECs generally only provide electricity and the costs of the programs can be significant since the service area is not densely populated. Mr. Goodale opined that education and training were two energy efficiency areas that would receive increased attention from RECs. Mr. Goodale provided current and projected REC information regarding the types of energy efficiency programs, energy savings, and costs of the programs.

VI. Iowa Association of Municipal Utilities

Mr. Bob Haug, Executive Director, Iowa Association of Municipal Utilities, summarized the process municipal utilities are going through in identifying energy efficiency programs as a result of S.F. 2386 from the 2008 Legislative Session. Mr. Haug stated that 84 utilities had added at least one new energy efficiency project in the last two years and that energy efficiency programs are expanding.



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Mr. Haug opined that more energy efficiency projects should be developed for low-income and rental housing. Mr. Haug stated that low-income persons and renters disproportionately pay for benefits they do not receive. Mr. Haug suggested that the amount of electricity and heating fuel used in the previous 12 months should be disclosed in any offer to rent a residence, higher energy efficiency standards should be required for new construction and rental housing certificates of occupancy, and new forms of self-liquidating financing should be developed where the efficiency measure is repaid by the energy savings.

VII. Iowa Policy Project

Mr. David Osterberg, Executive Director, Iowa Policy Project (IPP), testified regarding three policy reports produced by IPP on the topics of energy efficiency and the impacts of climate policy on low-income Iowans. Written copies of the reports were submitted to the Committee. Mr. Osterberg provided a legislative historical context to energy efficiency planning in which he highlighted the Energy Efficiency Act of 1990 which included energy efficiency mandates for IOUs in the areas of commercial lighting, residential audits and rebates, tree planting, and low-income programs. Mr. Osterberg stated that the demand for electricity in Iowa is increasing at a higher rate than in many other states. Mr. Osterberg stated that collaboration between IOUs on energy efficiency programs is critical. In response to questions, Mr. Osterberg stated that the cost of energy efficiency should not be included on customer energy bills unless a complete disclosure of the benefits could also be included and he did not feel that was possible without drastically increasing the size of billing statements.

VIII. Office of Consumer Advocate

Mr. John Perkins, Consumer Advocate, Office of Consumer Advocate (OCA), and Ms. Jennifer Easler, Attorney, OCA, submitted a draft of an OCA report on the status of energy efficiency programs in Iowa and stated that there are positive trends and yet still many opportunities for improvement relating to energy efficiency. It was observed that an increasing level of coordination and collaboration was both necessary and beginning to occur, and noted that in the absence of a single provider of energy efficiency programming it is necessary to build upon existing utility infrastructure to distribute the advantages of energy efficiency across the state. Mr. Perkins stated that he is opposed to decoupling.

Positive developments include IOUs and consumer-owned utilities taking advantage of new opportunities and collaboration and coordination of energy efficiency programs by energy providers. Future energy efficiency opportunities and challenges identified include continued and consistent monitoring and evaluation of programs, rate design consistent with energy efficiency objectives, incorporating load management, continued progress on coordination, and the development of appropriate program criteria. In response to questions and comments by the Committee, Mr. Perkins stated that his role as consumer advocate is to represent the public interest and make sure costs to the consumer are reasonable. Mr. Perkins stated that there is beginning to be collaboration between IOUs and consumer-owned utilities on energy efficiency programs.



IX. Office of Energy Independence

Ms. Roya Stanley, Director, Office of Energy Independence (OEI), provided an overview of energy efficiency policy approaches and relayed OEI recommendations relating to energy efficiency. Ms. Stanley stated that energy demand in the United States is estimated to increase by more than one-third by 2030. Ms. Stanley stated that energy efficiency programming is a low-risk, high-return investment since energy efficiency programs cost less than generation from new power plants and the savings from such programs can be sizeable in three years or less. Ms. Stanley stated that energy efficiency programs are good for the economy since they create jobs, are good for the environment since greenhouse gas emissions are decreased, and good for energy security since there is less of a reliance on foreign energy. The OEI energy recommendations include creating energy efficiency portfolio standards which encourage efficient generation, transmission, and usage; promoting smart growth planning to facilitate compact growth, transit-oriented development, integrated transit networks, and mixed use development; coordinating core energy efficiency programs involving simplification, setting standards for industry-wide programs, and state leadership; and making energy efficiency a priority by requiring least-cost planning and the pursuit of all efficiency resources before new generation capacity is approved. In response to questions by the Committee, Ms. Stanley stated that there are still many cost-effective energy efficiency opportunities of which to take advantage and that demand projections can be difficult to determine due to the many nuances.

X. Iowa Environmental Council

Mr. Nathaniel Baer, Energy Program Director, Iowa Environmental Council, addressed energy efficiency from the consumer perspective, indicating that consumers need access to effective, comprehensive energy efficiency information, analysis, and programs. Mr. Baer stated that energy efficiency programs save the consumer money, improve the consumer's quality of life, increase property value, improve the environment, create jobs, and cause the retention of money in the local economy. Mr. Baer examined the average household energy use, whole house savings measures, and household energy savings potential for homes in the Des Moines area. Mr. Baer discussed the informational, financial, and market barriers preventing people from participating in energy efficiency programs and suggested that these barriers could be addressed by utilities through better education and the use of rebates, product discounts, and upstream retailer incentives. Mr. Baer also suggested that utilities can work with retailers and manufacturers to transform markets. Mr. Baer stated that municipal utilities and RECs can do a better job of creating energy efficiency programs and that all utilities should be prioritizing energy efficiency first. Mr. Baer suggested that there should be minimum standards for all utility energy efficiency programs, that energy savings goals should be a 1.5 percent reduction in the short term and 2 percent in the longer term, and that IUB needs authority to ensure results from RECs and municipal utilities.

XI. Plains Justice

Ms. Carrie La Seur, President, Plains Justice, related input she received from Iowans on the topic of energy efficiency programming coordination among Iowa utilities and their efficiency partners to increase consumer knowledge and access and provide economic stimulus. Ms. La Seur also



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recommended requiring IOUs to perform integrated resource planning and establishing efficiency as the "first fuel" by requiring that all electric and natural gas resource needs to be met first through available energy efficiency and demand reduction resources that are cost-effective or less expensive than supply.

XII. Materials Filed With the Legislative Services Agency

The following materials listed were distributed at or in connection with the meeting and are filed with the Legislative Services Agency. The materials may be accessed from the <Additional Information> link on the Committee's Internet Webpage:

<http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=153>

1. Background materials submitted by Mr. Richard Nelson, Legislative Services Agency.
2. "Energy Efficiency in Iowa" PowerPoint slides submitted by Mr. Norris, Iowa Utilities Board.
3. "Global Climate Change Position Statement by Iowa's Electric and Natural Gas Utility Providers" submitted by Ms. Munns, MidAmerican Energy.
4. "Interim Legislative Energy Efficiency Committee: November 13, 2008" submitted by Ms. King, Alliant Energy.
5. An informational folder titled, "Energy Efficiency: For Your Home or Business" submitted by Ms. King, Alliant Energy.
6. Letter to Ms. Judi Cooper, Executive Secretary, Iowa Utilities Board, from Mr. Goodale, Director of Regulatory Affairs, Iowa Association of Electric Cooperatives, submitted by Mr. Goodale.
7. Chart titled, "MWhs Consumed by Member-Consumers" submitted by Mr. Goodale.
8. Chart illustrating 1997 Retail MWhs and 2007 Retail MWhs submitted by Mr. Goodale.
9. Copy of the enrolled version of S.F. 2386 submitted by Mr. Goodale.
10. "Interim Legislative Committee on Energy Efficiency: Municipal Utility Plans and Programs" PowerPoint slides submitted by Mr. Haug, Iowa Association of Municipal Utilities.
11. "Supplemental Remarks Regarding Energy Efficiency Programs for Residential Rental and Low-Income Properties and Implementation of Climate Change Policy" submitted by Mr. Haug, Iowa Association of Municipal Utilities.
12. "Energy Efficiency Benefits the Iowa Economy" submitted by Mr. Osterberg, Iowa Policy Project.
13. "A Climate Policy Challenge: Minimizing Impacts on Low-Income Iowans" submitted by Mr. Osterberg, Iowa Policy Project.
14. Executive summary of "Let's Be Number One: Improving Iowa's Utility-Run Energy Efficiency Programs" submitted by Mr. Osterberg, Iowa Policy Project.



15. "Availability of Energy Efficiency Programs in Iowa" PowerPoint slides submitted by Mr. Perkins, Office of Consumer Advocate.
16. Draft of "The Status of Energy Efficiency Programs in Iowa" submitted by Mr. Perkins, Office of Consumer Advocate.
17. "Energy Efficiency Policy Approaches" PowerPoint slides submitted by Ms. Stanley, Office of Energy Independence.
18. "Presentation to Energy Efficiency Plans and Programs Legislative Study Committee" PowerPoint slides submitted by Mr. Baer, Iowa Environmental Council.
19. "Energy Efficiency Resource Standards (EERS)" submitted by Mr. Baer, Iowa Environmental Council.
20. "Testimony of Carrie La Seur, President and Founder of Plains Justice, to the Energy Plans and Programs Study Committee November 13, 2008" submitted by Ms. La Seur, Plains Justice.
21. Excerpt from "The Size of the U.S. Energy Efficiency Market: Generating a More Complete Picture" submitted by Ms. La Seur, Plains Justice.
22. Excerpt from "An Act Relative to Green Communities" submitted by Ms. La Seur, Plains Justice.
23. "Energy Efficiency Study Committee" submitted by Senator Bolkcom.
24. "ENERGY STAR has Lost Some Luster" submitted by Senator Bolkcom.