

June 13, 2014

IOWA UTILITIES BOARD

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES DIVISION

IN RE:)	Docket No. NOI-2014-0001
)	
INQUIRY RELATED TO)	
DISTRIBUTED GENERATION)	ADDITIONAL COMMENTS OF
POLICY)	IOWA NEBRASKA EQUIPMENT
)	DEALERS ASSOCIATION
)	(INEDA)
)	
)	

The Iowa Nebraska Equipment Dealers Association (INEDA) values this opportunity to offer the following additional comments in support of its proposal to expand net metering in Iowa to allow customers with multiple meters to aggregate those various loads against the customer's generating system.

INEDA appreciates the Iowa Utilities Board's ("Board") willingness to explore alternatives to traditional utility-owned generation in meeting customers' needs. Consistent with its initial comments, INEDA believes policies that enable customers to examine their own needs and demands and offer choices in how they contribute to the overall energy system have the potential to benefit all customers.

The Board asked stakeholders to comment on the advantages and challenges associated with aggregate net metering and offer recommendations for regulatory implementation of the same. INEDA respectfully offers these comments encouraging the Board to adopt aggregate net metering as an enhancement to its net metering policy.

1. Aggregate Net Metering Is a Valuable Addition to Current Net Metering Policy and Encourages Investment in Renewable Energy

Aggregate net metering is a variation on traditional net metering that expands options for customers who wish to install wind, photovoltaic or other renewable generation facilities. Specifically, aggregate net metering is an arrangement that allows for a single generating system to be used to offset electricity used on multiple meters, without necessarily requiring a physical connection between the system and those meters. This simple change gives net metering customers with more than one account the ability to size a single renewable generating system to meet their aggregate load requirements rather than install several smaller generating facilities, one for each meter.

Aggregation for net-metering customers is simply an administrative function to apply net excess kilowatt-hours to additional, separately metered accounts not unlike the accounting function to carry forward net excess generation to the next billing period. This administrative application of the net excess kilowatt-hours further enables net-metering customers to use their net-metering facility to offset all or a portion of their kilowatt-hour requirements for electricity consistent with Iowa's Administrative Code, 199 IAC 15. Meter aggregation greatly improves the economic payback for customers as they benefit from economies of scale in system sizing and it removes some of the obstacles associated with site limitations.

While aggregate net metering has the potential to benefit many different types of customers, it can be particularly beneficial for customers with multiple meters and/or electric accounts, such as agricultural producers. Agricultural customers often have multiple meters under common ownership limited to a single or contiguous property and aggregate net metering allows these customers to size their system to their unique load needs just as a customer with a single-meter is able to size a system to meet his or her needs.

Under Iowa's current net metering policy, an agricultural customer wishing to invest in renewable generation to offset the load to farm operations with several meters is limited in application of the excess generation. Without aggregated net metering, a farm operator wanting to offset electricity has to build a renewable energy generating system where the demand is located, close to the grain dryer, for example. Sometimes this could lead to hard decisions about displacing crops with a wind turbine or solar panels. Under the current arrangement, the same agricultural producer would need to service each of the multiple meters with a separate smaller generating system. For agricultural operations with multiple buildings on multiple properties this requires deploying several renewable installations. Alternatively, the farm operator could physically combine all of the meters to put the entire load behind one meter served by the on-site generation. Neither option is particularly economical given the construction costs of additional facilities and the installation and interconnection costs for additional generating units.

2. Aggregate Metering is Already Adopted in Many States

Many states recognize the value in adding an aggregate net metering provision to their net metering policies. As with standard net metering laws, regulations surrounding meter aggregation vary from state to state, and these particulars play an influential role in determining the opportunities that aggregate net metering may offer to an agricultural producer or other electric customer.

In the Midwest, Minnesota, Illinois, Arkansas and Colorado incentivize on-site generation for multiple-metered customers through explicit meter aggregation rules. While each state addresses this regulatory implementation differently, INEDA encourages the Board to consider the Interstate Renewable Energy Council, Inc.'s Model Net Metering Rules, 2009

edition,¹ as a template to develop its aggregate net metering policy and also offers for the Board's consideration Minnesota Code 216B.164 Subdivision 4(a),² the Arkansas Public Service Commission Order No. 7, Docket No. 12-060-R,³ and the Colorado Public Utilities Commission Rules Regulating Electric Utilities 4 CCR 723-3, Section 3664(i).⁴ See attached.

INEDA supports adoption by the Board of regulatory changes to the Iowa Administrative Code to include aggregate net metering policies using these model net metering policies as best practices. INEDA offers these example regulations for the Board's consideration in crafting Iowa's regulatory move towards enhancing its own net metering programs. At the most basic level, INEDA wishes to add aggregate net metering language providing that a single customer may be able to offset multiple billing meters, regardless of rate class, located on the same property (or adjacent/adjoining properties) with credits from a single renewable generation system and that the owner of the generating system be the owner of all of the meters and that the property be owned or leased by that same customer.

3. Aggregate Net Metering Does Not Create Cost Shifting

INEDA appreciates the Board's consideration of aggregate net metering and recognizes that its position may not be shared by all stakeholders commenting on this topic. In INEDA's experience, utilities report concerns that an expanded net metering policy implicates cost

¹ See Net Metering Model Rules (IREC), 2009, subsection (d), available at www.irecusa.org/wpcontent/uploads/2009/11/IREC_NM_Model_October_2009-1-51.pdf.

² See Minnesota Code 216B.164 Subdivision 4(a) available at <https://www.revisor.mn.gov/statutes/?id=216B.164&format=pdf>

³ See AR PSC Order No. 7, Docket No. 12-060-R, available at www.apscservices.info/pdf/12/12-060-r_61_1.pdf

⁴ See Code of Colorado Regulations at 4 CCR 723-3, Section 3664(i) available at <http://www.dora.state.co.us/puc%20rules/723-3.pdf>

recovery issues and shifts costs onto non-participants if customer-generators could apply net metering credits to their entire load as opposed to limiting credit application to a single meter. In particular, utilities often express concern about recovering their cost of investment in distribution infrastructure if aggregate net metered customers were allowed to apply credits to their whole bills and did not have to pay demand charges, fixed fees, and other components of a customer's bill that help the utility recover its investments in fixed capacity. Utilities assert that in order for the net metering program to remain revenue-neutral, these charges and fees, as well as any additional administrative costs due to aggregate net metering, would need to be recovered from program participants or such costs would otherwise have to be shifted to non-participating customers.

While INEDA understands the view point behind these concerns, it should be kept in mind that aggregate net metering is merely a logical outgrowth of net metering policy designed to address the unique circumstances of a limited group of customers – those with multiple meters. Allowing customer-generators to aggregate their load from multiple meters will not result in an increase in the expected revenue obligations of customers who are not eligible customer-generators. In reality, today's electric rates already bake-in the costs associated with net metering programs and the aggregation of meters is merely an administrative variation of the current application of the net excess kilowatt-hours.

While utilities assert that the cost to provide service increases under net metering arrangements, self-generating customers are investing substantial sums to build generation, which then becomes a system resource and this additional generation will in the long term, allow utilities to avoid making generation and possibly other investments, reducing the amount of fixed costs to which other ratepayers must contribute.

As electrical utilities continue to experience load growth, on-site generation facilities offer benefits to all customers by helping utilities meet new generation capacity needs. In the short term, the current amount of installed nameplate capacity is small and it is unlikely that any transition in Iowa's net metering rules would result in rate impacts or a radical hike in participation of net metering. For these reasons, INEDA supports aggregate net metering as an appropriate compliment to the state's net metering polices.

INEDA appreciates the opportunity to submit these comments and encourages the Board to consider its proposal for an aggregate net metering policy. INEDA supports Iowa's efforts to encourage distributed generation and applauds the Board's proactive approach on this topic. INEDA believes aggregate net metering is a valuable add-on to Iowa's net metering policies and can encourage additional investment in renewable energy.

Respectfully submitted this 13th day of June, 2014.

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