

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

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| IN RE: WIND AND RENEWABLE ENERGY TAX CREDITS | DOCKET NO. NOI-2015-0001 |
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COMMENTS

COMES NOW, Interstate Power and Light Company (IPL), provides its Comments pursuant to the Order Opening Inquiry and Soliciting Comments (August 21st Order), by the Iowa Utilities Board (Board). In the August 21st Order, the Board is concerned that there are proposed facilities on the waiting list that cannot receive preliminary eligibility because there are eligible projects that have up to 78 months to become operational, but have not yet commenced operation. Extensions have been granted based upon a verified statement by the applicant that it intends the facility to become operational. 199 IAC 15.19(4)(c).

In addition, the Iowa Department of Revenue (IDOR), which shares responsibility for administering tax credits with the Board, has expressed an interest in moving toward electronic administration of all tax credit awards. The Board wants to explore the option of Board staff forwarding tax credit applications electronically to IDOR through IDOR's secure filing system, rather than forwarding information on paper.

IPL provides the following comments in response to the Board's questions contained in its August 21st Order as follows:

INQUIRY QUESTIONS

1. **Should the Board set condition or milestone requirements upon which a 12-month extension of the operation deadline would be granted? Explain.**

Response:

Yes, by providing guidance to Project Owners in the manner of conditional milestone requirements and limited 12-month extensions, the Board can identify projects which may no longer be viable and allow viable planned projects on the waiting list to gain approval. The ability of viable renewable projects to move up in the queue will assist in achieving the State's goal of additional renewable energy to be deployed in Iowa. Eliminating non-viable projects can also remove the administrative burden of extensions now being dealt with by Board Staff.

However, IPL notes that adding requirements to existing processes may have the unintended effect of creating unwarranted pressure on a utility to rush applications, studies, agreements and other necessary documentation, in order for a Project Owner to show cause for an extension. IPL would like to ensure that any condition or milestone requirements adopted by the Board are set forth within Iowa Administrative Code (IAC) 199.45 to mitigate this possibility. For example, criterion 3. c. below (a copy of the interconnection agreement) should not be used by the Project Owner to require a utility to expedite an application, studies or agreements beyond the guidelines already established by IAC 199.45. Furthermore, the utility should not be responsible for contributing to any delay identified by the Project Owner (criterion 3. e. below) if the utility has abided by IAC 199.45

- 2. Does the Board have the authority to adopt criteria for 12-month extensions without modifying its rules? Explain.**

Response:

A rulemaking is appropriate when modifying the rules to adopt criteria that will impact Project Owners, customers, and utilities. A rulemaking process allows interested parties to evaluate and comment on the criteria proposed by the Board and provide additional information for the Board to consider. Furthermore, considering the proposed criteria for a 12-month extension together with the other considerations raised by the Board in a rulemaking allows for a more holistic approach to resolving this issue.

- 3. Comment on the following possible criteria to evaluate requests for a 12-month extension:**

- a. Signed contracts to sell production**
- b. Signed contracts to purchase equipment**
- c. A copy of the interconnection agreement**
- d. Estimated cost of the facility and actual expenses to date**
- e. Identification of barriers that are delaying installation and activities that are underway to overcome the barriers**
- f. Demonstration that a tax credit transfer agreement (if applicable) is in place.**
- g. Any additional or different criteria you would suggest.**

Response:

a. Project viability can be shown with a Purchase Power Agreement (PPA). In most cases, these contracts hold milestone dates.

b. A contract to purchase equipment would further support project viability.

The Board may also desire to further clarify the equipment type which would be

acceptable in a contract, for example, an executed wind turbine supply contract may demonstrate different viability compared with other operating equipment.

c. An Interconnection Agreement with the host utility would bolster the viability of any project as the Project Owner would be subject to IAC 199.45. Furthermore, turbine or generator size, model/manufacturer, location, construction timelines and expected commercial operation dates must be known in order to complete this Agreement. Access to this information would grant the Board the ability to determine if the current application is complete and if a 12-month extension is warranted.

d. IPL suggests this be a requirement for each extension request.

e. IPL suggests this be a requirement for each extension request.

f. IPL has no comment given this is outside the scope of a Project Owner and utility's business relationship and the interconnection process.

g. IPL further suggests the following: 1) Easements and/or other land contracts required for the Project Owner to develop, construct and operate the wind or other eligible generator set on the site selected. 2) Federal Energy Regulatory Commission (FERC) Form 556 showing the Project Owner has registered the facility as a Qualifying Facility.

4. Should the Board limit the number of 12-month extensions for a facility? If so, how many extensions? How should the Board address those that have exceeded this number of extensions?

Response:

IPL suggests two (2) 12-month extensions, for a total of 54 months (30 months originally granted plus 24 months in extensions) to develop and construct

a project. Documents satisfying a minimum of two of the aforementioned criteria a., b., c., f., g., would establish a single 12-month extension; while an additional 12-month extension would only be granted with additional documentation (a., b., c., f., g.) not previously provided. Criteria d. and e. should always be required when the Project Owner submits for an extension.

Any project already in receipt of two (2) 12-month extensions should be limited to a single 12-month extension beyond those already granted, provided that the Project Owner can justify the extension given the criteria (a. – g.) suggested above.

5. **Board rule 199 IAC 15.19(6) provides that each applicant on the waiting list shall annually provide the Board a statement of verification attesting that the information contained in the applicant's eligibility application remains true and correct, or stating that the information has changed and providing the new information. Should the rule be modified in such a way that it would only pertain to applicants on the waiting list who have not provided a periodic update during the previous 12 months?**

Response:

Yes, applicants on the waiting list having provided the required update within the previous 12 months prior to the August 31 deadline should be exempt from fulfilling this requirement yet again at the end of those 12 months. Those that have not filed in the previous 12 months or prior to August 31 should either: 1) Have the option to request in writing (by a date designated by the Board) a 30 day extension to file such an update; or, 2) 30 days prior to August 31 be made aware that failure to comply with the required update by August 31 will result in forfeiture of their position on the waiting list.

6. The Board's rules in 199 IAC 15.20 and 15.21 require that the tax credit applications are filed in paper format. Should the rules be modified to allow for electronic filing with the Board via e-mail, as an alternative to paper, which would allow the Board to forward information to the Iowa Department of Revenue via its secure filing system?

Response:

Yes, IPL believes electronic filings should be allowed if no application fee is to accompany the application.

7. Provide other suggestions for modification of chapter 15.19 rules.

Response:

IPL has no further suggestions as the updates to chapter 15.19 the Board suggests within this Order address the poignant issues in regards to this subject.

WHEREFORE, IPL requests that the Board accept IPL's Comments to the questions found in the Board's August 21, 2015, Order.

Dated this 25th day of September, 2015.

Respectfully Submitted,

Interstate Power and Light Company

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