

STATE OF IOWA
DEPARTMENT OF COMMERCE
BEFORE THE IOWA UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. EEP-2012-0001
MIDAMERICAN ENERGY COMPANY	DOCKET NO. EEP-2012-0002
BLACK HILLS/IOWA GAS UTILITY, LLC, d/b/a BLACK HILLS ENERGY	DOCKET NO. EEP-2013-0001

COMMENTS ON NET-TO-GROSS REPORT

Pursuant to the Order issued by the Iowa Utilities Board (“Board”) on December 21, 2015, the Office of Consumer Advocate (“OCA”), a division of the Iowa Department of Justice, hereby submits its Comments on the Net-to-Gross Report (“Report”) filed in the above dockets on November 25, 2015.

As part of energy efficiency plans, Board rule 35.8(2)“c” requires that utilities “estimate gross and net capacity and energy savings, accounting for free riders, take-back effects, and measure degradation.” Historically, utilities have met this requirement by relying on a net-to-gross (“NTG”) ratio of 1.0. However, for some measures, relying on a deemed value rather than a value determined through research may result in inaccuracies in the claimed savings for energy efficiency programs. In order to ensure the cost-effectiveness of energy efficiency programs and plan for future programs, consistent and accurate NTG ratios should be implemented. OCA

believes that the Report's recommendations provide reasonable guidance for implementing NTG ratios in Iowa.

OCA recommends the following existing processes be used for implementing the Report's recommendations:

Technical Reference Manual

For those measures identified as benefiting from secondary NTG research to determine a deemed NTG value other than 1.0, the current project of producing a Technical Reference Manual ("TRM") is an appropriate venue for conducting that research and applying the new deemed value. For those measures identified as benefiting from primary NTG research, and for which the appropriate method of primary research is market-based and involves baseline values, the ongoing TRM project may be an appropriate venue for conducting that research and applying the new NTG value. The TRM is being developed as an ongoing reference tool, will be updated periodically, and can include additional research through this updating process. Incorporating NTG research into the TRM process may require some modifications to the current TRM contract. Any needed modifications can be identified when the determination is made as to which measures are best addressed through the TRM.

Evaluation, Monitoring, and Verification

For those measures identified as benefiting from primary NTG research, and for which the appropriate method of primary research is market-based and involves baseline values, but which are not planned to be addressed in the context of the TRM, additional primary research may be conducted by existing Evaluation, Measurement, and Verification ("EM&V") contractors. For those measures that involve other types of primary NTG research, such as survey-based approaches, the research and application of different NTG values may be addressed

in the utilities' EM&V procedures. Incorporating NTG research into the EM&V process may require some modifications to the utilities' current EM&V contracts, however the need for modifications can be addressed when the determination is made as to which measures are best addressed through the EM&V process. OCA is aware that some utilities may have budgeted for primary research as part of the EM&V process but have not yet conducted that research, reducing the need for budgetary modifications. Additionally, to the extent that measures are consistent across all multiple utilities, cooperation in conducting primary research would be financially beneficial and result in consistent NTG values being applied throughout the state.

Assessment of Potential for 2019-2023 Plans

For those measures identified as benefiting from primary NTG research, and for which the appropriate method of primary research is market-based and involves baseline values, but which is not planned to be conducted in the context of the TRM, additional primary research may be conducted in the upcoming Assessment of Potential study. For those measures that involve other types of primary NTG research, such as survey-based approaches, the research and application of different NTG values may also be addressed in the upcoming Assessment of Potential study.

The implementation of NTG ratios overlaps with the development of the TRM. Therefore, rather than create a separate implementation process for NTG recommendations, OCA recommends that implementation of recommendations in the NTG Report be rolled into the TRM implementation process that is currently under development. The TRM Oversight Committee, which includes the three investor-owned utilities, the environmental intervenors, and OCA, should develop a plan to implement the recommendations of the NTG report. OCA recommends that this plan be implemented in a transparent manner and filed with the Board.

The NTG implementation plan should include the following:

- Identify which measures will be addressed, the type of research involved (primary, secondary, market-based baseline adjustment), and the appropriate process for implementing that action (TRM, EM&V, Assessment of Potential).
- For measures being researched through EM&V procedures, identify the manner in which utilities will coordinate EM&V processes to develop and implement consistent NTG ratios.
- Establish a schedule for periodic review of NTG values.
- Establish a timeline for implementation of the NTG recommendations.

OCA agrees with the NTG Report recommendation that research begin immediately.

Incorporating NTG implementation into the TRM process facilitates immediate action with all the necessary parties. Because NTG ratios will be included in the TRM, it is also an appropriate venue to determine the type of research needed for different measures in order to make the TRM as accurate as possible.

The implementation of NTG ratios will provide a more accurate assessment of the savings attributable to various energy efficiency measures. This accurate assessment of savings allows for better calculations of the cost-effectiveness of programs and planning of how to spend energy efficiency dollars. The recommendations in the NTG Report provide a reasonable framework for implementing NTG ratios. Incorporating the recommendations into existing procedures allows implementation of those recommendations to begin immediately, be conducted efficiently, and be completed for full consideration in development of the utilities'

2019-2023 energy efficiency plans.

Respectfully submitted,

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