

April 07, 2016

IOWA UTILITIES BOARD

STATE OF IOWA
DEPARTMENT OF COMMERCE
BEFORE THE IOWA UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NOS. WRU-2016-0007-0150 (TF-2016-0015) (EEP-2012-0001)
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REPLY

The Office of Consumer Advocate (OCA), a division of the Iowa Department of Justice, responds as follows to the request for waiver of 199 IAC 35.6(4)“a”(2) filed by Interstate Power and Light Company (IPL) on March 18, 2016, concerning its residential energy efficiency portfolio:

1. OCA supports IPL’s decision to file a waiver to address the spending variances reported for IPL’s energy efficiency plan year 2015 that are above the thresholds established in 199 IAC 35.6(4), and which are caused by circumstances that may not be permanent. OCA has reviewed the causes for the spending variance (*see* Attachment A), and agrees with IPL’s assessment that participation rates may increase and cause IPL’s spending in 2016 and future plan years to more closely align with its approved budget. OCA supports IPL’s efforts to achieve greater participation in these programs. Under these circumstances, IPL’s waiver request appears to satisfy the conditions for granting a waiver in 199 IAC 1.3.

2. While IPL spent 71% of its approved budget for the Change-a-Light program (according to year-end 2015 IRIS report), IPL indicates that it achieved 107% participation and 304% of planned kWh impacts. (Year-end 2015 IRIS Report). OCA believes that the opposite trends in spending and impacts for this program are caused by IPL’s use of assumptions for

lighting measures that differ from the assumptions used in setting IPL's goals for this program. Iowa policy calls for the Board to determine appropriate energy efficiency plans and budgets through contested case proceedings. Iowa Code §§ 476.6(15)(a), (b) and (e) (2015). If IPL has adopted changes in measure assumptions that vary materially from the assumptions on which approved goals were established, OCA asserts that such changes should be presented in a plan modification and identified in the annual reporting of plan changes that the utilities file each January pursuant to the settlement agreement terms approved as part of their energy efficiency plans. These changes are of a permanent nature and are necessary to assess the utility's plan implementation performance relative to goals.

WHEREFORE, OCA has no objection to IPL's waiver request, but urges IPL to pursue a plan modification if it has implemented modified savings assumptions for the lighting program and intends to use such changes in its 2015 annual report for this program.

Respectfully submitted,

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OFFICE OF CONSUMER ADVOCATE

Confidential/Trade Secret

**Response of
Interstate Power and Light Company
to
OFFICE OF CONSUMER ADVOCATE
Data Request No. 1**

Docket Number: WRU-2016-0007-0150
Date of Request: March 23, 2016
Response Due: March 30, 2016
Information Requested By: Jennifer Easler
Date Responded: March 30, 2016
Author: Kari Gehrke
Author's Title: Lead Regulatory Affairs Cnslt.
Author's Telephone No.: (319) 786-4326
Subject: Residential Electric Spending
Reference: IPL Energy Efficiency Plan Budget Waiver

Data Request No. 1

- A. For each residential electric program that experienced underspend relative to approved budget during 2015, particularly prescriptive rebates and Change-a-Light, provide a narrative explanation for the reasons IPL did not spend its full budget. As part of the response, identify all factors that affected the programs' ability to meet budget.
- B. In WRU-2015-0014-0150, IPL identified program and measure level participation issues in several residential programs as the reason for IPL's 2014 underspend. Please identify all the trends that continued to affect 2015 program and measure level participation and/or impacts.
- C. Please provide additional details regarding the underspending and program impacts during 2015 relative to approved budget and impact goals, and anticipated 2016 participation trends and program performance.

Response:

A. IPL underspent the individual residential program electric budgets for the following programs: Residential Prescriptive Rebates, Change-a-Light, Appliance Recycling and Low Income Weatherization.¹

¹ Preliminary impact results show that despite the underspend, IPL achieved 126 percent of goal for the grouping, overachieving the goal by over 10 million kWh

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Specifically for the Residential Prescriptive Rebates program, IPL underspent in all budget categories, with the majority of the budget underspend in the incentive category. The incentive budget underspend accounted for nearly 90 percent of the total underspend. There is a direct correlation between customer participation in the program and IPL's ability to spend the incentive budget. Measures accounting for the greatest portion of the incentive budget underspend were central air conditioners, doors, thermostats, and water heaters:

- Participation in the central air measure increased in 2015 over 2014 levels but has not yet achieved Plan participation projections. IPL expects participation to continue to increase in future years of the plan as the HVAC SAVE program continues to gain traction and customer interest.
- Availability of qualified doors has limited customer's availability to participate in this measure. Very few qualified door options are commercially available and in addition difficult to source for purchase. IPL did not expect this measure to rebound in participation and removed it from the program in 2016.
- Although participation in thermostats is trending somewhat below Plan projections, thermostats have maintained steady participation in the Plan.
- IPL has experienced a gradual drop in water heater participation in the program during the current Plan with current participation levels at approximately half of Plan participation assumptions.

The Change-a-Light program follows the same spending pattern as Residential Prescriptive Rebates with the bulk of the underspend occurring in the incentive category. While IPL has achieved expected participation levels within the program, falling LED retail pricing once again led to a budget underspend in the incentive category.

The Appliance Recycling program fell short of participation goals and therefore also fell short of spending the incentive budget in direct proportion.

For the Low Income Weatherization program, unlike the other programs, the underspend in this program was driven by an underspend in the program administration budget. This accounted for over 75 percent of the underspend. However, in terms of overall budget magnitude, the program underspend was less than \$150,000 overall.

B. In the waiver request WRU-2015-0014-0150, IPL identified the central air conditioner measure as experiencing a participation lag; as noted above, the lag continues again in 2015, although to a lesser degree. IPL expects measure participation to continue increasing towards Plan participation levels. IPL will increase its marketing efforts towards that goal.

Similarly, in its WRU-2015-0014-0150 waiver filing, IPL identified participation lag in the thermostats measure. IPL continues to see this trend in 2015 participation. However, IPL did extensive marketing in late 2015 and expects to see increased measure participation in 2016 as a result in this effort. IPL will continue to emphasize this measure in its 2016 marketing efforts.

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Finally, IPL identified the Change-a-Light program in its WRU-2015-0014-0150 waiver. As described in the previous waiver request and above, IPL continues to increase the allocation of LEDs as well as LED promotion to address the ongoing program underspend.

C. IPL anticipates that marketing efforts that were undertaken in 2015 such as such as a multi-media thermostat promotion for the Residential Prescriptive program will deliver increased participation in 2016. IPL also plans to launch the Residential Behavioral pilot in mid-2016 and expects that cross promotion of electric rebate measures to pilot participants will increase participation in the Residential Prescriptive program. One of the key features of the behavioral pilot is the customization that occurs as customers interact with the pilot website. As a result, customers will receive customized program and measure recommendations based on their own home and the homeowner's efficiency goals.

IPL continues to increase the emphasis on LEDs in the Change-a-Light program through in-store events and marketing. IPL expects that as additional LEDs are rebated, the incentive spend will increase as LED rebates are higher than CFL rebates. IPL continues working with the statewide implementation contractor and other participating utilities to plan more LED promotion and marketing efforts in 2016.

IPL spent triple its advertising and promotion budget in the Appliance Recycling program in 2015 in an effort to increase participation. Despite this program having high customer awareness and satisfaction,² with the maturity of the program and an inherent lack of options to add, Appliance Recycling is struggling to maintain prior customer participation levels. IPL will continue to cross promote this program and maintain the increased promotional spending to drive participation.

² Noted in the Appliance Recycling Evaluation, Measurement and Verification report.

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**Response of
Interstate Power and Light Company
to
OFFICE OF CONSUMER ADVOCATE
Data Request No. 2**

Docket Number: WRU-2016-0007-0150
Date of Request: March 23, 2016
Response Due: March 30, 2016
Information Requested By: Jennifer Easler
Date Responded: March 30, 2016
Author: Kari Gehrke
Author's Title: Lead Regulatory Affairs Cnslt.
Author's Telephone No.: (319) 786-4326
Subject: Residential Electric Spending
Reference: IPL Energy Efficiency Plan Budget Waiver

Data Request No. 2

- A. Please identify all efforts undertaken by IPL to increase customer participation in the programs that experienced underspend in 2015.
- B. Provide a detailed narrative explanation of actions, if any, which IPL is undertaking for the residential electric programs in order to increase program participation in 2016 for the programs that experienced underspend in 2015.

Response

A. To increase customer participation, IPL implemented the following 2015 campaigns for the Residential Prescriptive Rebates, Change-a-Light and Appliance Recycling programs.

Residential Prescriptive Rebate campaigns:

- Wi-fi thermostats promotion;
- PowerHouse general prescriptive rebates promotion;
- Alliant Energy newsletter (bill insert);
- HVAC clean and tune ups promotion;
- Water heaters promotion; and
- Annual usage reports which also cross promoted Change-a-Light and Appliance Recycling.

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Change-a-Light campaigns:

- Online general awareness;
- Daylight savings (spring and fall) lighting promotion;
- Social media; and
- In-store events throughout the territory.

Appliance Recycling:

- Newspaper ads;
- Alliant Energy newsletter (bill insert);
- Black Friday promotion; and
- Direct mail postcards to customers who had a Home Energy Assessment with a recommendation to upgrade appliances.

B. IPL anticipates implementing similar marketing efforts in 2016 as were completed in 2015. As described in DR No. 1, IPL is expecting that continuing efforts in 2016 will build on 2015 campaigns to increase participation levels in addition to the mid-2016 launch of the Residential Behavioral pilot.