

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

IN RE:	
INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. EPB-2014-0150

SUPPLEMENT TO ADDITIONAL INFORMATION

COMES NOW, Interstate Power and Light Company (IPL), and provides its supplement to the additional information filed in response to the Iowa Utilities Board's (Board) Order Requiring Additional Information issued on December 3, 2014 (December 3rd Order). In the December 3rd Order, the Board directed IPL to respond to nine questions. On December 18, 2014, and subsequently corrected and refiled on December 19, 2014, IPL filed the additional information in response to the Board's nine questions contained in the December 3rd Order (December 19th Filing).

The sixth question relates to the decision to fuel M.L. Kapp solely on natural gas. IPL respectfully supplements its December 19th Filing to inform the Board about a filing with Midcontinent Independent System Operator, Inc. (MISO) regarding the fueling of M.L. Kapp solely on natural gas. IPL also takes this opportunity to update the Board on IPL's 2015-2016 Planning Year capacity position.

BOARD QUESTION

- 6. IPL indicates that the M.L. Kapp Generating Station's current capacity with coal as its fuel source is 200 MW, and the switch to natural gas would limit the unit's capacity to approximately 95 MW because of limited fuel availability.**
- a. Was the decreased capacity a part of IPL's cost-effectiveness evaluation in its decision to switch fuels at M.L. Kapp? Explain.**
 - b. Is the limited fuel availability a long-term constraint? Will IPL pursue options to increase fuel availability? Explain.**
 - c. How will the decrease in capacity affect grid reliability? How will the decreased capacity affect IPL's power costs?**
 - d. Will IPL need to address the decreased capacity in another venue, such as another proceeding before the Board or in another state or with the Midcontinent Independent System Operator, Inc?**

Supplemental Response:

a. In the December 19th Filing, IPL noted that it considered the reduced capacity at M.L. Kapp relative to IPL's overall capacity position. IPL also explained that [REDACTED]

[REDACTED]

[REDACTED] Based upon the final aggregation of its capacity position, it has been determined that IPL has the resources to meet its 2015-2016 Planning Year capacity obligation. [REDACTED]

[REDACTED]

b. IPL has no supplemental response to Question 6.b.

c. In the December 19th Filing, IPL discussed MISO's Attachment Y notification process, noting that "Attachment Y notices are required for the suspension of a unit for more than two months or for the retirement of a unit." As

explained in the December 19th Filing, IPL understood the Attachment Y notification to be inapplicable to the conversion of M.L. Kapp to natural gas-only operation as it was neither a suspension nor retirement of the unit. IPL's understanding was also informed, in part, by the fact that the MISO-prescribed Attachment Y Notice does not account for the reduction of a unit's capacity and IPL had not definitively decided to suspend or retire the unit. On January 23, 2015, individuals from MISO and Alliant Energy discussed the conversion of M.L. Kapp to natural gas-only operation and the resulting capacity reduction. During that conversation MISO explained its view that the reduction in capacity of M.L. Kapp necessitated an Attachment Y Notice,¹ and recommended that IPL file the notice.

MISO's Tariff requires a market participant to file an Attachment Y Notice at least twenty-six weeks before retiring or suspending all or a portion of a generating unit. (MISO Tariff § 38.2.7.) The market participant certifies, through the Attachment Y Notice, that it "has made a definitive decision to Retire or Suspend" the generating unit. Following receipt of an Attachment Y Notice, MISO conducts an Attachment Y Reliability Study to determine the effect of the retirement or suspension of the generating unit on the transmission system and whether the generating unit is required for the reliability of the transmission system. MISO is required to "use reasonable efforts" to respond within seventy-five days regarding whether the generating unit "appears to be required for transmission system reliability." (MISO Tariff § 38.2.7.a.) If the generating unit is

¹ It appears that MISO may view the reduction in capacity as the retirement or suspension of a portion of M.L. Kapp. (See MISO Tariff § 38.2.7.)

required for reliability of the transmission system, it may ultimately be designated a System Support Resource (SSR) and remain operational until the reliability issues are otherwise alleviated.²

Consistent with MISO's recommendation during the January 23, 2015 call with Alliant Energy, and out of all due caution, Alliant Energy submitted on behalf of IPL an Attachment Y Notice to MISO on January 30, 2015 (which was updated on February 3, 2015), for the suspension of a portion of the capacity of M.L. Kapp. A copy of IPL's Attachment Y Notices are included with this filing as Attachment A and B.

M.L. Kapp operates on coal and gas at 210 MW Installed Capacity (ICAP) (Nameplate 218.5 MW), but currently anticipates that the output level will be reduced to approximately 110 MW ICAP when the unit is fully operational on natural gas. The anticipated output level was informed by a generation verification test capacity ("GVTC") test of M.L. Kapp conducted in December 2014, which was based on Kapp being solely fueled on natural gas. That test demonstrated 98.6 MW (greater than the previous estimate of 95 MW); however, IPL currently believes the unit can perform at a higher output level during the summer of 2015. IPL identified a suspension period from July 31, 2015 (which is 26 weeks from the date that the Attachment Y Notice was filed), through December 31, 2016. Given the unique situation, IPL has requested that MISO expedite its review of the switch of M.L. Kapp to natural gas-only operation.

d. Please see IPL's supplemental response to Question 6.c above.

² SSR units are eligible to enter into an SSR Agreement through which the generation owner would be compensated for certain costs associated with the continued operation of the unit.

WHEREFORE, IPL requests that the Board accept IPL's supplemental response to Question No. 6 found in the Board's December 3rd Order.

Dated this 6th day of February, 2015.

Respectfully Submitted,

INTERSTATE POWER AND LIGHT
COMPANY

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