
IOWA UTILITIES BOARD
Energy Section

Docket No.: RMU-2014-0007
(NOI-2014-0002)

Utility: Amendments to Peak Alert
Rules, 199 IAC 20.11

File Date/Due Date: December 10, 2014/
July 27, 2015

Memo Date: March 6, 2015

TO: The Board

FROM: Ellen Shaw, Team Leader
Brenda Biddle
Gary Stump
Jane Whetstone

SUBJECT: Peak Alert Rule Amendments

I. Background

On January 23, 2014, the Board initiated a notice of inquiry (NOI) which solicited comments regarding the Board's peak alert rules in 199 IAC 20.11. On November 19, 2014, the Board commenced a rule making with proposed changes to the peak alert rules which were the result of comments filed in the NOI. The "Notice of Intended Action" with the proposed amendments was published in the Iowa Administrative Bulletin, IAB Vol. XXXVII, No. 12, (12/10/14) p. 1037, as ARC 1768C.

Participants that filed written comments on the Board's proposed rules include Interstate Power and Light Company (IPL), MidAmerican Energy Company (MidAmerican), the Consumer Advocate Division of the Department of Justice (OCA), and the Environmental Law & Policy Center and the Iowa Environmental Council (ELPC and IEC).¹ On January 28, 2015, the Board held an oral presentation. The participants that filed written comments and the Iowa Association of Electric Cooperatives (IAEC) appeared at the oral presentation and answered the Board's questions.

¹ The Environmental Law & Policy Center and the Iowa Environmental Council filed joint comments.

II. Legal Standards

Iowa Code § 476.17 provides:

476.17 Peak-load energy conservation.

1. The board may promulgate rules pursuant to chapter 17A which require or authorize a public utility to establish peak-load management procedures.
2. Rules of the board shall relate to reducing or limiting the peak-load period consumption.
3. In promulgating rules under this section, the board is not bound by decisions, rulings or orders which relate to the definitions of types or classes of customers and which were issued by the Iowa state commerce commission prior to July 1, 1980.

III. Summary of Participant Comments and Staff Analysis

Item 1: Annual notice

Written Comments:

OCA suggested that the annual notice include a requirement that the utility inform customers of the benefits of energy efficiency, in addition to informing customers of the significance of reductions in the consumption of electricity during periods of peak demand. MidAmerican supported OCA's suggested additional language. IPL generally agreed with the Board's proposed modifications of the peak alert rules.

ELPC and IEC recommended that the Board retain language that requires the notices to explain "how growth in demand affects a utility's investment costs and why reduction of customer usage during periods of peak demand may help delay or reduce the amount of future rate increases." ELPC and IEC suggested language that would waive the "may help delay or reduce the amount of future rate increases" explanation if the utility determined it inapplicable. ELPC and IEC also suggested that the Board add language that requires the utility to explain the benefits of energy efficiency and demand response, and the ways the customer can access and participate in the programs.

Comments at the Oral Presentation:

MidAmerican commented that, while it agrees with the objectives of ELPC and IEC's proposal, MidAmerican disagrees with prescriptive language because an annual notice to all customers should be general in nature. MidAmerican commented that it would be difficult to speak to all customer classes with different kinds of energy efficiency programs on the notice. MidAmerican

customers currently receive energy efficiency program information via other means that cater to specific customer classes, including the newsletter (in bill inserts), key account managers, and a dedicated energy efficiency website. A general peak alert notice could tie into energy efficiency education that targets the specific customer classes. Thus, MidAmerican prefers OCA's less prescriptive energy efficiency language proposal for annual notices.

IPL commented at the oral presentation that it prefers the flexible language proposed by the Board, and the additional changes recommended by ELPC and IEC are not necessary. ELPC and IEC's suggested language "unless the utility determines it to be inapplicable" is problematic because utilities will not know what is applicable and what is not, and need certainty of what is required for the notices. IPL commented that it does not oppose OCA's suggested additional language regarding energy efficiency; that language is clear.

OCA commented that the term "energy efficiency" is all-encompassing of energy conservation and reduction of peak demand. It would not be necessary to add a definition of "energy efficiency" to the peak alert rules because the Board's rules in 199 IAC chapter 35 provide the definition.

ELPC and IEC commented that their suggested language that essentially links how customers can access energy efficiency programs was not intended to be prescriptive and allows the utility to tailor the message to customer classes. The annual notices are an opportunity to link the peak alert information to a concrete action that customers can take. ELPC and IEC do not believe that linking the two (annual notices and energy efficiency programs) would cause customer confusion. While ELPC and IEC would prefer their suggested rule language, they could support OCA's suggested language.

ELPC and IEC commented that their proposal to retain the current language "why reduction of customer usage during periods of peak demand may help delay or reduce the amount of future rate increases" provides utilities with flexibility in that the language is not required if the utility determines it to be inapplicable to the utility's situation. While other variables can influence the frequency of rate cases, energy efficiency, as a least-cost resource, will provide the benefit of potentially delaying or reducing the need for rate cases.

IAEC commented that it did not file written comments because it had no objection to the rules as proposed by the Board. The annual notification is probably not the most effective communication tool for educating customers about energy efficiency or demand reduction, so rural electric cooperatives use other tools. IAEC does not object to OCA's suggested additional language regarding energy efficiency. IAEC agrees with MidAmerican's and IPL's comments that the language suggested by ELPC and IEC is too prescriptive and should be rejected in favor of the more general notice.

Board staff (staff) recommends that the Board amend the proposed annual notice requirements by adding OCA's suggestion "the benefits of energy efficiency" language. Rather than placing the suggested energy efficiency language before the Board's proposed language regarding the significance of reductions in consumption of electricity during periods of peak demand, the energy efficiency language should follow it.

Staff also recommends that the Board adopt language that requires the notice to provide ways the customer can access more information from the utility on its energy efficiency programs. Staff does not recommend that the Board adopt ELPC and IEC's specific rule language recommendations. The annual notices serve the purpose of educating or reminding customers why the utility may issue a peak alert and the benefits of reducing electric usage during a peak alert. The annual notices should contain a general statement regarding the benefits of energy efficiency and ways to access additional information; details other than a general statement may confuse customers regarding the intent of the notice. The participants overall favored modifications to Board rules that result in less prescriptive language and more flexibility; staff believes the Board's proposed rule modifications accomplish the flexibility goal more effectively than ELPC and IEC's suggested rule modifications.

Below is the Board's proposed rule modification that was published in the IAB, with staff's recommendation of additional language, which is in bold, as a result of participant comments:

20.11(1) Annual notice. Each electric utility shall provide its customers, on an annual basis, with a written notice ~~explaining how growth in demand affects a utility's investment costs and why reduction of customer usage that informs customers of the significance of reductions in consumption of electricity during periods of peak demand may help delay or reduce the amount of future rate increases~~ **and the benefits of energy efficiency.** The notice shall include an explanation of the condition(s) under which peak alerts will be issued and the means by which the utility will inform customers that a peak alert is being issued. **The notice shall provide ways a customer can access additional information on the utility's energy efficiency programs.** The notice shall be delivered to its customers ~~between May 1 and June 15 of each year if peak demand is likely to occur during the months of June through September. If peak demand usually occurs during the months of October through February, the notice shall be delivered to its customers between August 1 and September 15 prior to the start of the utility's historical seasonal peak demand.~~

Item 2: Peak Alert Notification

Written Comments:

Comments filed by IPL, MidAmerican, and OCA generally supported the Board's proposed amendments to the peak alert rules.

ELPC and IEC recommended that the Board retain the requirement that the text of the peak alert notifications include a statement that reduction in usage of electricity during the period of peak demand will ease the burden placed on the utility's system by growth in peak demand and may help delay or reduce the amount of future rate increases. ELPC and IEC suggested language that would waive the "may help delay or reduce the amount of future rate increases" explanation if the utility determined it inapplicable. ELPC and IEC suggested, similar to their proposal for the annual notices, that the Board add language that requires the utility to explain the benefits of energy efficiency and demand response, and the ways the customer can access and participate in the programs.

Comments at the Oral Presentation:

IPL and MidAmerican commented that their responses to ELPC and IEC's recommendations for the peak alert notifications are similar to their responses to ELPC and IEC's recommendations for the annual notices (Item 1 above). The utilities prefer the Board's proposed flexible language.

OCA suggested, for consistency, that the Board incorporate energy efficiency language for the peak alert notifications similar to OCA's recommended energy efficiency language for the annual notices.

ELPC and IEC's comments concerning the peak alert notifications overlapped with their comments on the annual notices: Their suggested language provides flexibility; links the peak alert information to concrete action that customers can take to reduce usage; and energy efficiency, as a least-cost resource, will provide the benefit of potentially delaying or reducing the need for rate cases.

Staff recommends that the Board amend the proposed peak alert notification requirements by adding "the benefits of energy efficiency" language that staff also recommended for the annual notices (Item 1 above).

Staff does not recommend that the Board adopt ELPC and IEC's specific rule language recommendations for reasons similar to those described for the annual notices (Item 1 above). Staff believes the Board's proposed rule modifications accomplish the flexibility goal more effectively than ELPC and IEC's suggested rule modifications.

Below is the Board's proposed rule modification that was published in the IAB, with staff's recommendation of additional language, which is shaded, as a result of participant comments:

20.11(2) Notification plan. Each investor-owned utility shall have on file with the board a plan to notify its customers of an approaching peak demand on the day when peak demand is likely to occur.

a. The plan shall include, at a minimum, the following:

a. A description and explanation of the condition(s) that will prompt a peak alert.

~~(1) b. A provision for a general notice to be given to customers prior to the time when peak demand is likely to occur as prescribed in 20.11(2)“b” and an explanation of when and how notice of an approaching peak in electric demand will be given to customers.~~

~~(2) A provision for direct notice to be given customers whose load reduction will have a significant impact on the utility's peak. The utility shall provide for such notice to be given prior to the time when peak demand is likely to occur, as prescribed in 20.11(2)“b,” and shall explain the criteria used to identify customers to whom notice will be given and when and how notice will be given.~~

~~(3) A statement showing the total costs, with each component thereof itemized, projected to be associated with implementing the plan. Notice should be provided in the most efficient manner available. The board may reject a plan which includes excessive costs or which specifies an ineffective method of customer notification and may direct development of a new plan.~~

~~(4) c. The text of the general and direct message or messages to be given in the general notice to customers. The message shall, at a minimum, include the name of the utility or utilities providing the notice, an explanation that conditions exist which indicate a peak in electric demand is approaching, and a statement that reduction in usage of electricity during the period of peak demand will ease the burden placed on the utility's system by growth in peak demand and may help delay or reduce the amount of future rate increases an explanation of the significance of reductions in electricity use during a period of peak demand and the benefits of energy efficiency.~~

~~(5) A designation of the U.S. weather station(s), situated within the utility's service territory, whose temperature readings and predictions will be used by the utility in applying the standard in 20.11(2)“b.”~~

~~(6) A provision for joint delivery, by two or more utilities, of the general notice to customers in regions of the state where U.S. weather station(s) predict conditions specified in 20.11(2)"b" will exist on the same day.~~

~~b. For purposes of this rule, peak demand is likely to occur on a nonholiday weekday between June 15 and September 15 when the following conditions exist:~~

~~(1) The utility's designated weather station predicts the temperature will rise above 95° Fahrenheit (35° Celsius), and the designated weather station officially recorded a temperature above 95° Fahrenheit (35° Celsius) on the previous day, or~~

~~(2) The utility's designated weather station predicts the temperature will rise to above 90° Fahrenheit (33° Celsius) on a day following at least two consecutive days of temperatures above 95° Fahrenheit (35° Celsius), as officially recorded by the designated weather station, but~~

~~(3) If a utility can demonstrate it would have been required to provide between June 15 and September 15 a peak alert notice to customers, because of the existence of the conditions set forth in 20.11(2)"b"(1) or 20.11(2)"b"(2), on more than six days in any one of the preceding ten years, the utility may substitute a 97° Fahrenheit (36° Celsius) standard in lieu of the 95° Fahrenheit (35° Celsius) standard in the subrule.~~

Item 3: Implementation of Notification Plan

None of the participants commented specifically on the Board's proposed rule modification regarding the utility implementing its notification plan. Staff recommends the Board adopt its proposed language:

20.11(3) *Implementation of notification plan.* The utility shall implement the approved *its notification* plan on each day of the year when peak demand is likely to occur, as prescribed by as needed to alleviate the conditions described in 20.11(2)"b a."

Item 4: Permissive Notices

None of the participants commented specifically on the Board's proposed rule modification regarding permissive notices. Staff recommends the Board adopt its proposed language:

20.11(4) *Permissive notices.* The standard for implementing peak alert notification ~~in subrule 20.11(2)~~ is a minimum standard and does not prohibit a utility ~~or association of utilities~~

from issuing a notice requesting customers to reduce usage at any other time.

Item 5: Annual Peak Alert Reports

None of the participants commented specifically on the Board's proposed rule modification regarding annual peak alert reports. Staff recommends the Board adopt its proposed language:

20.11(5) Annual report. Each electric utility required by subrule 20.11(2) to file a plan for customer notification shall file, on or before April 1 of each year, a report stating for the prior year providing the number text of the annual written notice and of the peak alert notices given its customers, the dates when the notices were issued, and the annual cost costs of providing both general and direct notice the annual written notice and the peak alert notices to customers and measures of kilowatt hour demand at the time when notice was given and at hourly intervals thereafter until kilowatt hour demand decreases to the level at which it was measured when the notice was issued. The annual report shall also include a statement of any problems experienced by the utility in providing customer notification of a peak demand and a proposal to modify modifications of the plan, if necessary, to make customer notification more effective. Modifications must be approved by the board before they are implemented.

IV. Compliance Filing

Board rule 199 IAC 20.11(2) requires the investor-owned utility (IOU) to have on file with the Board its plan to notify customers of an approaching peak demand and minimum plan requirements. The Board's proposed rules remove the temperature requirements for issuing peak alerts and require the utility to: 1) describe and explain the condition(s) that will prompt a peak alert, 2) explain when and how notice of an approaching peak in demand will be given to customers, and 3) provide the text of the message or messages to be given in the general notice to customers.

At the oral presentation, the IOUs were asked the time frame needed to comply with the filing requirement if the Board were to adopt the proposed rules. IPL responded that its filing may not be much different than what IPL has been practicing, and IPL may, perhaps, need at least a few months. MidAmerican responded that it had started its customer communications planning in anticipation of annual notices being rendered in the spring of 2015.

Staff recommends that the Board, when adopting the proposed rules, direct the IOUs to file their notification plans by or on June 1, 2015. The IOU should not merely refer to its plan currently on file with the Board² and any modifications, but should file its complete notification plan. Staff also recommends that the notification plans of the IOUs refer to Docket No. IAC-2015-2011. Any future modifications of notification plans should refer to a similar docket number except the year should correspond to the filing year.

Appendix A contains an unmarked version of the proposed rules that staff recommends the Board adopt.

V. Recommendation

Staff recommends that the Board direct General Counsel to draft for Board review an order that adopts the amendments to the Board's peak alert rules with the revisions described in the memorandum, and that directs the Executive Secretary to send an "Adopted and Filed" notice to the Code Editor for publication.

Staff also recommends that the order direct the two investor-owned electric utilities to file their notification plans, per 199 IAC 20.11(2), by or on June 1, 2015, and refer to Docket No. IAC-2015-2011.

Staff also recommends that the order indicate Docket No. NOI-2014-0002 is closed.

RECOMMENDATION APPROVED

IOWA UTILITIES BOARD

/es

/s/ Elizabeth S. Jacobs 3-12-15
Date

/s/ Nick Wagner 3/9/15
Date

/s/ Sheila K. Tipton 3/9/2015
Date

I recommend that we add the word "potential" before "benefits of energy efficiency." Each place that phrase appears. I would also like to put a statement in the order along the notion of ensuring that the Board is not prejudging all energy efficiency to be "beneficial" or automatically have benefit. NAW 3/9/15

² The IOUs current notification plans were filed on paper.

199 IAC 20.11(476) Customer notification of peaks in electric energy demand. Each electric utility shall inform its customers of the significance of reductions in consumption of electricity during hours of peak demand.

20.11(1) Annual notice. Each electric utility shall provide its customers, on an annual basis, with a written notice that informs customers of the significance of reductions in consumption of electricity during periods of peak demand and the benefits of energy efficiency. The notice shall include an explanation of the condition(s) under which peak alerts will be issued and the means by which the utility will inform customers that a peak alert is being issued. The notice shall provide ways a customer can access additional information on the utility's energy efficiency programs. The notice shall be delivered to customers prior to the start of the utility's historical seasonal peak demand.

20.11(2) Notification plan. Each investor-owned utility shall have on file with the board a plan to notify its customers of an approaching peak demand on the day when peak demand is likely to occur.

The plan shall include, at a minimum, the following:

- a. A description and explanation of the condition(s) that will prompt a peak alert.
- b. A provision for a general notice to be given to customers prior to the time when peak demand is likely to occur and an explanation of when and how notice of an approaching peak in electric demand will be given to customers.
- c. The text of the message or messages to be given in the general notice to customers. The message shall include the name of the utility providing the notice, an explanation that conditions exist which indicate a peak in electric demand is approaching, and an explanation of the significance of reductions in electricity use during a period of peak demand and the benefits of energy efficiency.

20.11(3) Implementation of notification plan. The utility shall implement its notification plan as needed to alleviate the conditions described in 20.11(2)"a."

20.11(4) Permissive notices. The standard for implementing peak alert notification is a minimum standard and does not prohibit a utility from issuing a notice requesting customers to reduce usage at any other time.

20.11(5) Annual report. Each electric utility required by subrule 20.11(2) to file a plan for customer notification shall file, on or before April 1 of each year, a report for the prior year providing the text of the annual written notice and of the peak alert notices given its customers, the dates when the notices were issued, and the costs of providing the annual written notice and the peak alert notices to customers. The annual report shall also include a statement of any problems experienced by the utility in providing customer notification of a peak demand and modifications of the plan, if necessary, to make customer notification more effective.