



## **IOWA CLIMATE CHANGE ADVISORY COUNCIL MEETING #14 SUMMARY**

**Energy Efficiency and Conservation (EEC) Subcommittee  
August 15, 2008  
10:00 – 12:00 pm CDT**

### **Attendance**

Tom Balster for Bob Holmes  
Deb Bergen for Bob Haug  
Jennifer Easler  
Marian Gelb  
Jeff Myrom for Rick Leuthauser  
David Osterberg  
Julie Smith  
Cathy Woollums  
Bob McQueen

### **Iowa Utilities Board**

Amy Christensen  
Gordon Dunn  
Joe Kiefer

### **State Agencies**

Marnie Stein, DNR  
Mike Coveyou, DPS

### **CCS Staff**

Tom Peterson, *Facilitator*  
Hal Nelson, *Facilitator*  
Katie Pasko, *SC Assistant*

### **Discussion items and key issues**

Tom Peterson and Hal Nelson called the meeting to order and took attendance.

The summary for Call 13 was approved with one change. Change ‘initial’ in the last sentence of the first paragraph on page 3 to read “...approach as a starting point for quantification.” The final version has been posted on the website.

Tom provided an overview of the process and expectations of today’s call, a review and discussion of the POD

Members asked that more detail of the cost impact be added to the quantification explanation and detail. Increase in spending on energy efficiency (millions of dollars) would be an applicable metric to use for this sector. The actual format for presenting this additional detail will be decided after consultation with the other TWG facilitators and the IACAC. There are many options for doing this.

Currently, each policy option shows the net costs and benefits. This additional detail is intended to clarify the impact of the policy option by specifying the spending required to achieve the goal and the savings to be achieved by the policy goals. The total of these values is what is currently shown in the POD.

### **Real Cost Escalation Assumptions Sensitivity Analysis (EEC-1)**

The SC reviewed the assumptions as presented by Hal Nelson. Proposed levels are at -2%, 0% and 2% real cost escalation, not adjusted for inflation, resulting in cost-effectiveness values ranging from (25.11) to (16.83) \$/tCO<sub>2</sub>e. A negative escalation rate represents a decline in capital costs.

The SC agreed to the assumption of 0% real cost escalation.

### **Discussion about Avoided Costs**

The quantification model shows the net of avoided costs of generation, transmission and distribution, with the costs of energy efficiency.

The SC assumptions regarding avoided costs are based on only 33% of the actual generation in Iowa, from one generation source.

Nelson summarized the avoided costs quantification model as Alliant generation portfolio through 2019, extrapolated out. SC requested an avoided cost that includes the new build mix rather than the existing generation portfolio. Many factors impact the lack of other industry data. The Muni and REC data is not generally available, while data from the major (43%) generation source is confidential.

### **Update on Avoided CO<sub>2</sub> Methodology for New Build**

The fuel source mix approved by the majority of the SC is outlined on slide 7. The CRE SC wants to include an additional 100 MW new wind power in the new-build mix. This changes the mix as shown on slide 7. This change is supported by the EEC SC as the initial values for quantification.

### **Review of Policy Option Document**

The SC reviewed the 'track changes' version of the POD.

### **EEC-1 Demand-Side Management (DSM)/ Energy Efficiency Programs for Electricity**

The SC discussed changing the goal from 1%/yr within 3 yrs, 1.5% per year in 5 years; 2.0% per year in 7 years. It must be recognized that goals for the state are based on percentages of the

current baseline values, which is 0.8% for 70% of IA utilities. Some members support more aggressive goals.

*Change the 'Additional Benefits and Costs' to read: Energy efficiency investments will likely not lead to reductions in utility rates, but does typically result in reduced energy expenditures (customer bills) over the life of the investment compared to no energy efficiency investments being made.*

*The SC agreed to leave this goal at its current levels, but ask that the Council review and discuss them.*

*The SC agreed, with no objections at this time, to bring this policy option to the IACAC with the changes noted above.*

### EEC-2. Demand-Side Management (DSM)/Energy Efficiency Programs for Natural Gas

*Change 'Key Uncertainties' to read: Energy efficiency investments will likely not lead to reductions in utility rates, but does typically result in reduced energy expenditures (customer bills) over the life of the investment compared to no energy efficiency investments being made.*

*The SC agreed, with no objections, to bring this policy option to the IACAC with the changes noted above.*

### EEC-3. Financial Mechanisms for Energy Efficiency

*Update new-build mix and real escalation rate values as agreed above.*

*The SC agreed, with no objections, to bring this policy option to the IACAC with the changes noted above.*

### EEC-4. Improved Building Codes for Energy Efficiency

Rural areas in Iowa have limited code enforcement. It will require greater resources to implement building code programs to these areas. Urban areas already have code enforcement programs in place, although no program provides 100% enforcement of codes.

The SC agreed to keep 75% as the upper limit of compliance.

*The SC agreed, with no objections, to bring this policy option to the IACAC with the changes noted above.*

### EEC-5. Incentives for Energy Efficiency

*The SC agreed, with no objections, to bring this policy option to the IACAC with the changes noted above.*

## Background Documents

Documents are posted at: [www.iaclimatechange.com](http://www.iaclimatechange.com)

## Upcoming Schedule and Next Steps

Upcoming meeting dates of the EEC are to be determined. The SC will continue to review the POD and IACAC comments at its next meetings.

## **Public Comments**

None.

## **Announcements**

None.