

## **Energy Efficiency Programs and Provider Oversight**

This IPRO report outlines the regulatory structure of the energy efficiency programs offered by Iowa utility providers and the oversight of these programs by the Iowa Utilities Board (IUB). Also provided are an explanation of these programs and the offerings of a random sample of investor-owned Utilities, consumer-owned utilities, and rural electric cooperatives. Much of the information in this report was gathered through extensive conversations with energy specialists from the Iowa Utilities Board, various utility providers, and the Iowa Association of Municipal Utilities.

### **State Regulation of Energy Efficiency Programs**

The Iowa Legislature first mandated electric utility providers to establish energy efficiency programs in 1990. Program requirements vary based on the number of customers a utility provider services. Utilities in Iowa providing services to more than 10,000 customers are subject to stricter regulation. All of these are investor-owned utilities. The remaining providers, servicing fewer than 10,000 customers, are consumer-owned and operate under fewer efficiency program regulations. Both types of providers report to the IUB.<sup>1</sup>

#### **Investor-Owned Utilities**

Investor-owned utilities (IOUs) must offer programs that have been approved by the IUB. The IUB mandates programs be cost-effective and cater to all types of customers.<sup>2</sup> Further stipulations call for energy savings performance standards and review of cost prudence as determined by the IUB.<sup>3</sup>

The following are the only three investor-owned utilities in Iowa.

- Alliant Energy-Interstate Power and Light Company
- Aquila Networks
- MidAmerican Energy Company

#### **Consumer-Owned Utilities**

Consumer-owned utilities (COUs), including municipal-owned and rural electric cooperatives, are required to offer energy efficiency programs but are under no further IUB regulation. They are required to report certain program data to the IUB every even-numbered year. A sample of the required information is listed below.

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<sup>1</sup> Iowa Code Chapter 476.1A

< <http://coolice.legis.state.ia.us/Cool-ICE/default.asp?category=billinfo&service=IowaCode&ga=82#476.1A>>

<sup>2</sup> According to section 476.6 subsection 14 of the Iowa Code, “An energy efficiency plan as a whole shall be cost-effective. In determining the cost-effectiveness of an energy efficiency plan, the board shall apply the societal test, utility cost test, rate-payer impact test, and participant test.”

<sup>3</sup> “Overview of Energy Efficiency Programs in Iowa. Iowa Utility Board.”

<[http://www.state.ia.us/government/com/util/energy/energy\\_efficiency.html](http://www.state.ia.us/government/com/util/energy/energy_efficiency.html)>.

- Program description
- Number of participants
- Program cost
- Dollar savings
- Kilowatt-hours savings

According to the IUB, they do not review or verify the information in these reports, but simply compile the data. COUs are allowed to file reports jointly with other utility providers or through utility associations such as the Iowa Association of Municipal Utilities or the Iowa Association of Electric Cooperatives.<sup>4</sup>

### **Common Energy Efficiency Programs**

Five common types of energy efficiency programs offered by Iowa utilities are described below.

#### Rebates

Consumer rebates for installing energy efficient devices are the most common incentives offered by utility providers. After installing a qualifying device, the consumer submits a rebate form to the utility provider and is reimbursed for a portion of the cost. Residential and business consumers can be eligible for rebates covering a wide range of equipment. Depending on the provider, qualifying equipment may include: compact-fluorescent light bulbs; energy efficient heating and cooling equipment including boilers, furnaces, water heaters, and air conditioners; energy efficient appliances including refrigerators and ovens; qualifying windows and doors; and energy efficient industrial machinery. Below is a sample of MidAmerican’s residential rebate offerings.

<b>Equipment Type</b>	<b>Rebate Amount</b>
Natural gas furnaces	\$250 - \$350
Natural gas boilers	\$100 - \$400
Natural gas water heaters	\$50
Window air conditioners	\$50
Central air conditioners	\$200 - \$500
Air-to-air heat pumps	\$200 - \$700
Add-on heat pumps	\$200 - \$600
Ground-source heat pumps	
<i>New closed loop installation</i>	\$2,000
<i>New open loop installation</i>	\$1,000
<i>Replacement equipment</i>	\$1,000
<i>Desuperheaters</i>	\$100

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### Financing Programs

<sup>4</sup> Ibid.

<sup>5</sup> “2008 Residential Equipment Program: Financial Incentives for Updating Your Iowa Home with High-Efficiency Equipment.” MidAmerican Energy. <[http://www.midamericanenergy.com/pdf/ia\\_res equip.pdf](http://www.midamericanenergy.com/pdf/ia_res equip.pdf)>.

Some utility providers partner with banks or other businesses to provide low-interest financing options for consumers interested in purchasing and installing energy efficient equipment.

#### Energy Audits and Services

Some utility providers offer residential and business customers free energy audits. This service involves the inspection of a home or business by a utility-provided energy specialist, who makes recommendations on potential steps that the consumer can take to increase energy efficiency. Select home and business auditing programs may even make certain on-the-spot improvements free of charge. For example, MidAmerican will install a water heater insulation blanket, up to six feet of water pipe insulation, up to two low-flow faucet aerators, up to two low-flow shower heads, a waterbed mattress pad, and up to six energy efficient light bulbs during an energy audit, at no cost to the consumer.<sup>6</sup>

#### New Home Construction

Some utility providers will work with home or business builders to review building plans and integrate energy-efficient features into the final structure. Select utilities may also offer program participants reduced monthly utility rates for an extended period of time, varying from months to years.

#### Peak Hour Cycling

Some utility providers will install cycling devices on air conditioners. In exchange for monetary credit, the provider can then cycle the operation of the consumer's air conditioner on and off in predetermined intervals during peak usage hours in order to reduce the overall amount of energy consumption.

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<sup>6</sup> "Energy Advantage for Your Home."  
<[www.midamericanenergy.com/html/energy3g.asp](http://www.midamericanenergy.com/html/energy3g.asp)>.

**Utility-Provided Energy Efficiency Programs in Iowa**

The following table details the program offerings of all three IOUs in Iowa, as well as three randomly selected municipal utility providers and rural electric cooperatives.

**Table 1**

<b><u>Electric Provider</u></b>	<b><u>Rebates</u></b>	<b><u>Financing</u></b>	<b><u>Home Audits</u></b>	<b><u>New Home Construction</u></b>	<b><u>Peak Hour Cycling</u></b>
Alliant Energy (IOU)	X	X	X	X	X
Aquila Networks (IOU) <sup>7</sup>	X	-	X	-	X
MidAmerican (IOU)	X	X	X	X	X
Indianola Municipal (COU)	X	-	X <sup>8</sup>	- <sup>9</sup>	X
Aurelia Municipal (COU)	X	-	-	-	-
Cedar Falls Utilities (COU)	X	X	X	X <sup>10</sup>	-
Clarke REC	X	-	X	-	-
Lyon REC	X	-	-	-	-
Nishnabotna REC	X	-	-	X	-

<sup>7</sup> Aquila Networks provides only natural gas services to Iowa consumers.

<sup>8</sup> Partner program with MidAmerican.

<sup>9</sup> Not marketed, but will supply a specialist at request.

<sup>10</sup> In fact, building plans for all new homes built in Cedar Falls must be reviewed by Cedar Falls Utilities.