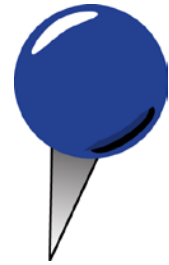




Iowa Policy Project

A Roadmap for Opportunity



Building on Iowa's smart energy leadership

Iowa has a rich history in renewable energy and energy efficiency. The 1983 requirement that investor-owned utility companies utilize renewable energy for part of their production portfolio was the first such law of the land, now known as a **Renewable Portfolio Standard (RPS)**. "Twenty-nine states, Washington, D.C., and three territories have adopted an RPS, while eight states and one territory have set renewable energy goals." ¹

Another notable measure is the **Solar Energy Tax Credit**. Created by the Iowa Legislature in 2012, it allows those who install solar panels to recover up to 15 percent of that cost as a credit on their Iowa income taxes.

Iowa has also led in requiring utilities to assist their customers in **reducing inefficient energy use**. Without the 1990 Energy Efficiency law (EE law) many new power plants would have been needed. Instead, the same level of comfort, lighting and work has been accomplished with efficiency rather than producing more electricity and gas.

Results follow goals of sustainable energy policy

The chart demonstrates how Iowa electric rates correspond to the nation as a whole. The Energy Information Administration of the U.S. Department of Energy gathers all the electric rates of individual electric companies in each state into a single number.² **That average electric rate for the state of Iowa, when adjusted for inflation, is exactly the same now as it was in 1999.** Why use this date? Because this is when the first large Iowa wind farms came on line as required by the 1990 EE law. During this same period, electric rates nationwide have increased. Iowa rates were below the national average in 1999 and remain so today.

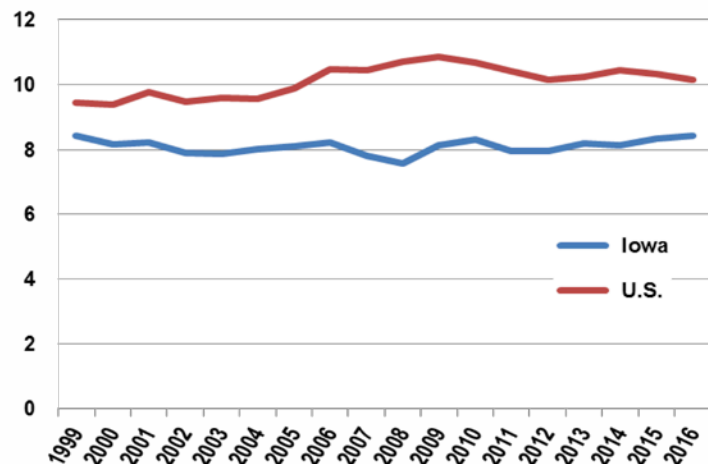
At the same time, Iowa's electric production has begun to depend on more in-state renewable production and moved away from imported coal. At the end of 2016 Iowa received nearly 37 percent of its electricity from wind power, the largest percentage of any state. Clearly, moving to renewable energy has not hurt the state's competitiveness. Energy efficiency, however, has been the more important factor in keeping electric rates the same for almost two decades.

Destination:

Making Iowans secure, by:

- Keeping electric rates low
- Working to reduce our carbon footprint
- Cleaning Iowa's air

Forward-Thinking Iowa Stays Competitive on Energy Prices
Iowa, U.S. Average Electricity Price (cents per kw/h, 2015 dollars)



A recent study for the Iowa Environmental Council and the Environmental Law and Policy Center by the Energy Futures Group demonstrates the EE law in Iowa has helped keep rates from increasing.³ “Just since 2009, the utilities’ programs have eliminated the need for two-and-a-half (2.5) new 500 MW power plants.”⁴ Wind farms benefit from the federal production tax credit that helps pay for each kilowatt-hour of wind electricity. This credit plus falling costs have kept electric prices from increasing.

The EE law assures that on average all customers save, even those who do not chose to put more insulation in their ceiling or to buy the more efficient new refrigerator. The cost of not expanding the number of power plants, substations, and distribution and transmission lines — which comes from energy efficiency investments — keeps overall rates from rising.

What changed with efficiency and renewable energy programs?

The most recent electricity legislative initiative is a 2018 law that drastically cuts the energy efficiency requirements by the investor-owned utilities. For MidAmerican Energy, the annual budget for the residential electricity program decreased by 67 percent. Nonresidential programs were cut by 47 percent.⁵ This will not help keep rates low in the long run.

Meanwhile, renewable energy continues its expansion, with both Alliant Energy and MidAmerican Energy Company announcing expansions in wind farms. Solar installations by residential, commercial and industrial customers continue to expand too, although the solar tax credit was threatened during the 2018 legislative session. The amount allocated for the credit is limited, however, and each year claims exceed the \$5 million maximum, pushing credit payments into the next tax year.

Besides the tax credit, the cost of new panels has continued to fall, leading to an expansion of solar power. In addition to cost and the tax credit, a third piece of why it makes sense for someone to invest in solar is the price a customer gets from his/her utility company. The Iowa Utility Board (IUB) in 2016 resisted requests by the major utility companies to decrease this price by changing net metering, the rule that lets a customer run his/her meter backward when solar energy is at its peak producing more electricity than the property uses. However, the IUB decision to keep net metering is only for three years. We need to stop these monopolies from putting up roadblocks to solar. No doubt, the same companies who lobbied to weaken the EE law will be back in 2019.

¹ State Renewable Portfolio Standards and Goals National Conference of State Legislatures 2018.

<http://www.ncsl.org/research/energy/renewable-portfolio-standards.aspx>

² Energy Information Agency, U.S. Department of Energy. Average Price (Cents/kilowatt hour) by State by Provider, 1990-2016

³ Energy Futures Group. Iowa Energy Efficiency Programs: Impacts to Date and Future Potential. 2018

⁴ Ibid.

⁵ Midamerican Energy Company. Save Money with Efficiency: 2019-2023 Energy Efficiency and Demand Response Plan. 2018