MEEA
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To the Iowa Senate Appropriations Subcommittee on SF 585:

The Midwest Energy Efficiency Alliance (MEEA) appreciates this opportunity to provide comments to the Senate Appropriations Subcommittee on SF 585.

MEEA is a collaborative network, promoting energy efficiency (EE) to optimize energy generation, reduce consumption, create jobs and decrease air pollution in all Midwest communities. At MEEA, we leverage our expertise to be the Midwest's leading resource for our members, allies, policymakers and the broader industry to promote EE as the essential pathway to achieve an affordable and sustainable future. We see EE as the least-cost foundation of the energy transition, creating immediate energy savings, providing career pathways, improving new and existing buildings and boosting Midwest business and industries.

In 2023, MEEA participated in the Iowa Utility Commission's (IUC) Policy Charrettes process by offering insights on how best to enhance affordability for Iowa ratepayers through energy efficiency. One key tool MEEA recommended for advancing energy efficiency was accurately valuing efficiency and other distributed energy resources through an integrated resource planning process.

Energy Efficiency and Integrated Resource Planning
Across the Midwest, states have adopted a variety of policies for integrated resource planning (IRP). IRPs are a valuable tool for utilities. IRPs use load forecasting and resource optimization scenarios to create a least-cost plan for meeting future customer needs. All IRPs, however, are not created equal. IRPs that call for more cost-effective energy efficiency tend to include the following additional features:

- Up-to-date energy efficiency and demand response potential studies as the basis for evaluating demand-side resource options.
- Demand-side resources as selectable resources that can compete fairly on a cost basis in capacity expansion models, rather than just "baking in" expected energy efficiency into load forecasts.
- An IRP cycle that is staggered with the energy efficiency planning cycle, so the results from one process inform the following cycle of the other process, and so on.

Iowa IRP Recommendations
As the Senate Appropriations Committee considers language to establish a resource planning process for investor-owned electric utilities, MEEA offers a few points for consideration.

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Specifying a planning horizon is a best practice across states engaged in an IRP process. Planning horizons vary across Midwest states, with fifteen to twenty years being typical. Standardizing this timeframe across all IRPs allows stakeholders to better compare utilities' planning processes and resulting resource investments. As introduced, the bill does not specify the planning horizon.

Allowing energy efficiency and demand response to compete alongside distributed energy resources and utility generation as selectable resources in capacity expansion modeling is another best practice. The results of potential studies can be used to create bundles of cost-effective demand-side resources to compete alongside supply-side resources in capacity expansion modeling to select the energy efficiency resources for the preferred plan, rather than limiting the plan to existing resources and those already identified in short-term energy efficiency planning cycles.

Instituting a greater degree of collaboration throughout a utility's IRP process, allowing stakeholder input, industry collaboration and IUC Commissioner feedback will lead to a stronger IRP. One option is to establish a contested case proceeding for utility IRP approval that allows participating stakeholders an opportunity for in-depth review of IRP materials and models, and a means for providing on-the-record feedback to be considered by Commissioners.

In that regard, many states authorize Commissioners to do more than just *accept* a proposed IRP. To protect the interests of Iowa's utility customers as well as advancing a reliable and affordable energy system for the state, authorizing the IUC to approve, deny or modify an IRP, or request additional information would strengthen the process.

In addition to the docketed proceeding, a utility community engagement process would also be beneficial. In Indiana, utilities must hold at least three public meetings within their service territory. These meetings include discussion of the load forecast, the utility's evaluation of supply- and demand-side resources, the scenarios used for capacity modeling – including community-led scenarios – and presentation of the utility's preferred portfolio. A community engagement process helps foster transparency and offers customers an opportunity to express their priorities and preferences without needing to become full intervenors in the regulatory proceeding.

Establishing an IRP Contemporary Issues Technical Conference, as Indiana has long facilitated, is another best practice. A technical conference allows interested parties to review current best practices, standardize statewide plan inputs, establish common IRP templates to ease the regulatory burden, and address other issues. Annual conferences make utilities and stakeholders aware of advancements in the field and push the state to continue innovating its energy systems.

Aligning the IRP process with the energy efficiency planning cycles (every 5-years) but offset by one to two years – so IRPs are due a year or two prior to when the next cycle's EE plans are due would greatly benefit both processes. This staggered approach should

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allow sufficient time between processes to avoid becoming burdensome to utilities or regulators. Most importantly, it allows evaluated results from efficiency programs to become inputs into the potential studies used in the IRP, and for efficiency plans to incorporate cost-effective resources identified in the last IRP. This creates a positive feedback loop between the two processes.

Conclusion

Integrated resource planning can lead to higher rates of energy efficiency adoption and guide the development of energy efficiency programs to meet identified resource priorities. While the IRP process and EE program development process differ, the results of each can inform and complement the other. For these processes to work in tandem, the state must establish effective guidelines for the IRP development process which prioritize transparency, public-input and cost-effective resource selection.

We appreciate this opportunity to comment. A resource plan is a critical tool to unlock an affordable and resilient path forward. We hope to see an IRP process that provides customers with transparency about the utility's preferred portfolio and offers equal consideration to demand- and supply-side resources. With today's unprecedented electric demand growth, it's imperative to establish an innovative and comprehensive IRP process for the state of Iowa.

Thank you for the opportunity to comment; please contact MEEA's Iowa state lead, Clara Stein (cstein@mwalliance.org) with any questions.

Regards,

Paige Knutsen, Executive Director
Midwest Energy Efficiency Alliance