

**Response of
Interstate Power and Light Company
to
OFFICE OF CONSUMER ADVOCATE
Data Request No. 100**

Docket Number: EEP-08-1
Date of Request: July 7, 2008
Response Due: July 14, 2008
Information Requested By: Jennifer Easler
Date Responded: July 17, 2008
Author: Sarah Else
Author's Title: Dir. Renewable Energy Resources
Author's Telephone No.: (319) 786-7722
Subject: Renewable Program – Goals and Incentives

Data Request: 100

The Company proposes that the first years will be devoted to development and marketing, and that installations will begin slowly in the second and third year, and the program will not approach market potentials until the fourth year.

- A. In light of the pent-up demand for alternative energy sources, how does the company justify such a long ramp up? What is the basis for the participation predictions?
- B. Why are the incentives for renewables based on cost rather than performance or capacity? How will these incentives change over time?
- C. What is the Monitoring and Verification plan? How will the savings claims be verified?

Response

- A. IPL objects to data request 100, part A, as it assumes facts not in evidence. Without waiving its objection, IPL states the following:

It is not clear that customers have high awareness of the resource requirements and costs that will be required to install a given renewable technology. The slow ramp-up period is projected to recognize the time that will elapse to initially educate the customers about these factors. Additionally, because of the requirement of feasibility studies, it will naturally require a period of time to bring

a project to completion. Finally, IPL needs to build the infrastructure required for this program including a trade ally base.

- B. As explained in IPL's application in this docket on page 149, review of other programs has shown that most incentives are structured as a buy-down rebate, rather than a performance incentive. In California, one program offered both options, and the vast majority of customers chose the buy-down rebate. It is believed that the high up-front cost of many renewable technologies is the primary barrier to adoption. As such, IPL structured its rebates to offset this first cost. The rebate was chosen as a percentage of cost rather than based on capacity to be consistent with the Focus on Energy program offerings in Wisconsin to provide consistency for installers that might operate in both states. Given that this is the first renewable program of its kind offered in Iowa, and the rarity of renewable programs nationally when compared to energy efficiency program offerings, IPL expects that its incentive structure could change over time.
- C. As described in IPL's response to OCA Data Request No. 98, IPL will review actual energy production of a selected sample of sites and compare these results with the site assessor's prediction, using techniques such as billing analysis.