

**Response of
Interstate Power and Light Company
to
OFFICE OF CONSUMER ADVOCATE
Data Request No. 11**

Docket Number: EEP-08-1
Date of Request: May 14, 2008
Response Due: May 21, 2008
Information Requested By: Jennifer Easler
Date Responded: May 21, 2008
Author: Sarah Else
Author's Title: Dir Renewable Energy Resources
Author's Telephone No.: (319) 786-7722
Subject: Renewable Portfolio- Geothermal Heat Pumps
Reference: EEP Application Volume I Chapter 8, Tables 8.2, 8.3 and 8.5 IPL's Consultant, KEMA, Final Report Volume I, August 2005

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Please explain why despite KEMA's findings and recommendations, geothermal heat pump was only evaluated in terms of electric savings rather than gas and electric mix?

Response

The KEMA findings were twofold:

1. Most participants surveyed are switching from fossil fuel to electric heat and,
2. Most participants surveyed are not IPL natural gas customers.

KEMA's recommendations were to:

1. Set program goals consistent with the likely mix of alternative fuels and
2. Either develop a joint program with Aquila and MidAmerican including agreements on sharing the costs and savings credit for the dual-utility customers or limit participants to IPL combo customers only.

On November 30, 2005, the Iowa Utilities Board (Board) issued an Order in Docket EEP-02-38 accepting a non-unanimous joint motion for approval. The proposed modification addressed the issue of natural gas customers who convert from gas to electric heat using ground source heat pumps. The modification included the KEMA recommendations. IPL made an effort to develop a joint plan with Aquila and MidAmerican representing the gas utilities. It is IPL's understanding that neither utility believed that it served its natural gas customers to help pay for an electric technology.

On August 21, 2006, IPL filed a Motion for Approval of Waiver for Plan Requirement to allow geothermal incentives to continue under the electric utility. The reasons cited for requesting the waiver from the November 30, 2005 Order were that efforts to agree with the natural gas suppliers on joint participation failed, that offering geothermal only to combination customers would render the program ineffective and that geothermal systems save natural gas in both winter heating and summer generation. The OCA supported IPL's request, for a variety of reasons.

On October 20, 2006, the Board granted IPL's Motion to Waive Plan Requirement, agreeing that geothermal systems provide significant natural gas savings and more efficient air conditioning.

The Board has traditionally avoided fuel switching as an energy efficiency option. IPL believed that claiming natural gas savings for an electric measure would be considered fuel switching, particularly when the gas saved is likely to be from another natural gas supplier or propane distributor.

In Docket No. EEP-08-1, IPL used air source heat pumps as the baseline to avoid the fuel switching issue.