

Energy Programs and Utility Assistance

- IPL Energy Programs
- BMcD Recommendations
- Cost/Benefits of IPL Energy Programs
- Utility Assistance

City Council Resolution 5933 Sec 3

“That the City Manager is hereby authorized and directed to develop and present to the City Council a study to evaluate potential incentives and sustainable programs which can be provided to customers for the use of renewable energy options”

Current IPL Customer Programs

- Net Metering
- Home Energy Loan Program (HELP)
- Residential Energy Efficiency Rebates
- New Homes with Energy Star Program
- Commercial Rebate Program
- Federal Low Income Weatherization Program
- Energy Assessments
- Infrared Scanning
- I-Share, IRAP

Proposed IPL Plans

- Solar Panels on City Property
- Community Solar Program
- IPL Office Building Remodeling for Energy Efficiency

Benefit of Energy Efficiency Programs

“The most significant benefit from energy efficiency programs comes from peak demand reduction... The benefits of peak demand reduction can be greater for those utilities that need to build new generating capacity in the near future. The benefit may be less for those utilities that currently have sufficient generating capacity and/or are in a period of stagnant load growth as is the case currently with IPL.” BMcD Study Pg 4-11

Negative Aspect of Energy Efficiency Programs

“The potential negative aspect of energy efficiency programs to the utility and its entire customer base, is the decreased revenues due to the lost energy sales...Depending upon the utility’s rate structure, these decreased sales can put pressure on rates and require rate increases to compensate the lost sales. In effect, customers that do not take or cannot take advantage of the energy efficiency programs may subsidize (i.e., pay higher electric bills) the customers that do take advantage of the customer incentive program.” BMcD Study pg 4-8

Burns & McDonnell (BMcD)

Recommendations

- Promote Utility Purchased Efficiency Program
- Promote Community Solar Program
- Refine HELP program to provide protection to IPL in case customers do not pay the loan
- Increase marketing efforts to increase participation in current and new programs
- Review the current rate structure to eliminate or reduce any rate subsidization issues

Evaluating Energy Efficiency Programs

- Is the program financially beneficial to the City of Independence?
- Is the program financially beneficial to IPL?
- Is the program financially beneficial to all rate payers?
- Does the program provide societal benefit of reducing the use of coal?
- Does the program shift utility costs to non program participants?
- Does the program reduce current peak time energy costs?
- Who are the primary beneficiaries of the program?
- How many people participate in the program?

Cost/Benefit Chart

- Limited to short term costs and benefits
 - For example, long term health costs and long term capacity needs are not included
- Not based on a sophisticated econometric analysis
- Personal appraisal, so open to differing opinions
- Meant to assist in the discussion on BMcD recommendations and future direction of IPL programs

Summary of IPL Energy Efficiency and Alternate Energy Programs

- IPL energy efficiency programs do not financially benefit the city, IPL or most customers.
- IPL energy efficiency programs mainly benefit higher income households
- Participation in the programs is very low
- Costs of energy efficiency programs are shifted to the rate payers
- Energy efficiency programs are not needed to significantly reduce current IPL peak time energy usage
- Alternative energy programs show greater benefits than energy efficiency programs

Policy Options

- Increase marketing efforts to increase participation in energy efficiency programs, as recommended by BMcD
- Revise rate structure to eliminate or reduce rate subsidization issues of energy efficiency programs as recommended by BMcD
- Continue programs where the benefits off set the drawbacks
- Discontinue programs and reallocate funding

Low Income Utility Assistance

- 14,000 IPL disconnects annually
- IPL funds Community Services League (CSL) to provide utility assistance to approximately 600 households annually
- Approximately 75 families each week seek utility assistance from CSL and are turned down because of lack of funds

CSL Utility Assistance Proposal

- Increase IPL utility assistance from 600 to 1,600 households (\$200,000)
- View IPL like first alert community warning that a family is in need
- Develop a structured referral system from IPL to CSL

CSL Role

- Provide financial assistance with client participation
- Move from transactional to transformative relationship
- Provide job assistance
- Provide small dollar loans through Holy Rosary Credit Union
- Provide a class on living on a small income
- Provide food, tax preparation, housing, car repair pharmaceutical assistance
- IPL provide on site energy audits
- IPL provide energy conservation education/assistance

Summary

- IPL has a long progressive history of supporting energy efficiency and assistance programs
- As the city is studying renewable energy options it is timely to also reassess our energy efficiency and assistance programs



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