

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. WRU-05-10-150
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ORDER GRANTING REQUEST FOR WAIVER

(Issued March 25, 2005)

On March 3, 2005, Interstate Power and Light Company (IPL) filed with the Utilities Board (Board) a request for waiver of 199 IAC 20.9(2)"2." This subrule contains the formula for calculating the energy adjustment clause (EAC). IPL asks for a waiver so that any net revenues from the sale of tradable renewable credits can flow back to customers through the EAC. The Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a response on March 9, 2005. Consumer Advocate supports the proposed waiver.

In support of its waiver request, IPL states that it currently produces and purchases more than its required share of 105 MW of power from alternate energy production (AEP) facilities as provided for in Iowa Code § 476.44(2) (2005). These excess amounts of AEP power also cover IPL's obligations under the AEP purchase program contained in Iowa Code § 476.47. As a result, IPL states that it has excess AEP power capable of producing intangible values known as tradable renewable credits, green credits, or similar names (TRCs). TRCs can be defined as tradable

units formed by unbundling the environmental attributes of a unit of renewable energy from the underlying electricity.

IPL says there is no regulatory structure concerning the creation of TRCs and no formal market for their sale, but IPL believes such a market may be created. IPL will track sales of TRCs and will track credits to make sure there is no double counting. Any revenues from sale of TRCs will be reported in the April 1 filing required annually by 199 IAC 15.11(3). IPL may seek certification for its program to sell TRCs similar to the certification of its Iowa Code § 476.47 program, but this will depend on the costs of certification and development of the market.

IPL maintains it is appropriate for the net proceeds from the sale of excess TRCs to flow through the EAC as a credit to energy customers because these customers ultimately pay for the AEP energy. The waiver request is necessary because IPL does not believe the current EAC formula allows such credits to automatically flow back to customers through the EAC.

The Board will grant the waiver. Net revenues from the sale of TRCs should flow to customers and the EAC is an appropriate mechanism for returning these revenues to customers. The statutory authority for the EAC is Iowa Code § 476.6(11) and the statute contains no limitation on the types of energy costs and credits that can flow through the EAC. The waiver benefits customers by promptly flowing credits back to customers and there is no negative impact on public health, safety, and welfare. The standards for a waiver contained in 199 IAC 1.3 have been satisfied.

While the Board does not usually grant permanent waivers because facts and circumstances leading to the waiver can subsequently change, the waiver granted here must be permanent, as requested by IPL, to provide the necessary certainty to allow a market for TRCs to develop. A temporary waiver is impractical in this situation, satisfying the standard for a permanent waiver. 199 IAC 1.3.

IT IS THEREFORE ORDERED:

The request for waiver of 199 IAC 20.9(2)"2" filed by Interstate Power and Light Company on March 3, 2005, is granted.

UTILITIES BOARD

/s/ John R. Norris

/s/ Diane Munns

ATTEST:

/s/ Margaret Munson
Executive Secretary, Deputy

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 25th day of March, 2005.