Hall, Renee

From: Bob Haug <bhaug.ames@gmail.com>
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To: City Council and Mayor
Subject: 2 comments on electric rate changes

[External Email]

1. Mitigating Impact on Low-Use Customers

The increase in monthly facilities charges seems to be in line with the charges of other utilities. With the concurrent decrease in energy rates, more than half of residential customers (~54%) will end up with lower electricity bills. The rest would see modest increases, though customers using as little as 250 kWh (~12,000 customers) will see an increase of about 16% in their bills.

In the presentation to the council, the impact on low-income/low-use customers seemed to have been minimized in a slide that showed only 30 LIHEAP customers use as few as 250 kWh/month. The consultant explained that low-income customers often live in less energy-efficient buildings, so they are not typically low-users. However, it should be noted that Ames has many more LIHEAP eligible customers than those who apply for and receive assistance. If the council wanted to mitigate the impact of electricity-cost increases for low-use, low-income customers, these are among many steps that could be considered:

a. Adopt minimum energy efficiency standards for rental housing. Model ordinances for such standards are available. Even if the standards addressed only minimum levels of insulation, weatherization, and maximum age or efficiency of refrigerators and furnaces, they would help a lot. (Newer appliances meet much more stringent efficiency standards.) This action would help meet the city's climate goals.

b. Expand marketing of energy efficiency and rebate programs for low-use and low-income customers and their landlords. The utility has access to software through ISU that can help identify the least energy efficient buildings and appliances.

c. Promote the voluntary project share billing option. These funds can supplement LIHEAP, but are not restricted to offset heating energy costs. A $4.25 monthly credit to LIHEAP customers using 250 kWh/month would fully offset the 16% increase for the 30 low-income/low-use LIHEAP customers.

2. Time-of-Use-Rates – A Note of Support and Caution

The rate design for voluntary time-of-use rates is very aggressive and should do a lot to shift energy consumption off peak. Making TOU rates voluntary, at least for now, gives the utility an opportunity to test response. A reasonable roll out period for advanced metering infrastructure (AMI) also makes sense. However, **the council should be aware that there are costs associated with delay. Until fully deployed, many AMI functions cannot be utilized.**

Adoption of TOU rates will encourage investment in storage. Storage – both customer and utility scale – should be supported. Currently, customer storage is most likely to come in the form of lithium-ion batteries, which carry some additional fire risk. The city's Inspection Division enforces the 2015 version of the International Fire Code (IFC). That version does not address energy storage systems. A new chapter on the subject (Chapter 12) was added to the 2018 Code with further revisions in 2021 and 2024 (e.g., 2024 has new requirements for venting and fire suppression practices. **The council should support and encourage the Inspections Division in scheduling adoption of the 2021 IFC or the current 2024 edition.**

Adopting fire and building codes that are no more than 6 years out-of-date is a good practice. Buildings that meet the latest standards are more energy efficient, safer, and more likely to survive high wind events that are becoming more intense and frequent because of climate change. FEMA recognizes the value of current codes by considering code adoption in scoring applications for assistance.

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