

Oppose HSB 185 – MidAmerican’s Sunshine Tax

Iowa Utilities Want to Monopolize the Sun

Iowa’s utilities are already monopolies. They do not compete and customers do not have a choice of providers. In a well-known quote, Warren Buffet, CEO of MidAmerican Energy owner Berkshire-Hathaway puts the utility perspective best:

But all the time, if you've got a wonderful castle, there are people out there who are going to try and attack it and take it away from you. And I want a castle that I can understand, but I want a castle with a moat around it.

- MidAmerican already makes hefty profits from Iowa ratepayers, with net revenues of \$605 million in 2018 alone. Now, MidAmerican wants to widen the moat and further trap Iowa ratepayers.
- MidAmerican has only about 750 customers with distributed generation or 0.1% of their total customers. The 13 MW of distributed generation capacity in MidAmerican’s territory is about equivalent to 6 commercial-scale wind turbines and produces about 22 GWh of electricity. According to Berkshire Hathaway, MidAmerican’s recent annual sales were 32,400 GWh. Customer-owned generation, then, is about 0.07% of MidAmerican’s total sales.

MidAmerican’s Math is Not Fair

- Customers with their own generation pay up front for the costs of interconnecting to the grid along with any necessary upgrades to infrastructure that are needed.
- Customers pay a monthly fixed service charge regardless of generation.
- Customer-owned generators keep costs low when energy is most expensive.
 - Customers who invest their own money in a generator reduce the cost of building expensive peak generation that is paid for by all ratepayers with a 9-11% profit added on top for the utility.
 - Customers with solar are producing power at peak times when energy is valued at around \$0.21 per kWh and getting credit for that power at \$10.5 cents per kWh when demand and strain on the system is lower. The utilities sell that excess at retail rates to other customers and earn a profit on it.
 - Distributed generation also provides for values like improved power quality and voltage regulation that benefit neighbors.

MidAmerican's Math is Not Fair (Cont.)

- Net metering has been considered a fair way to roughly account for the balance of costs and benefits. It is **not fair** to insist that customers with distributed generation pay for “grid costs” while **ignoring the gap** between the value of the energy provided by the customer and the value they are getting back for it. Policy must account for both.
- Customers with their own generation are already paying for grid costs with the value they are providing. **MidAmerican wants them to pay twice**, adding a **sunshine tax of \$328 per year** on these customers. This would increase the payback on a typical solar system by more than a decade, well out of the range of what makes sense for Iowa homeowners and businesses, and kill the solar industry as we know it in Iowa.
- This sunshine tax also puts at risk the 800+ solar jobs at small businesses throughout the state.

MidAmerican is Going Around Regulators to Widen the Moat Against Iowans

- Oversight of monopolies is absolutely critical to make sure customers are not getting ripped off. It is never a good idea to take the utility's word that they need a tighter grip on their customers or the ability to collect even more money. This anti-competitive behavior is why we have utility regulators like the Iowa Utilities Board (IUB).
- MidAmerican and Alliant are almost 2 years into a 3-year net metering pilot designed to provide information about whether changes to net metering policies in Iowa make sense. These pilots were launched because the IUB ruled it did not have enough information to determine whether changes were necessary.
- The legislature does not have this information, either, and should allow the pilots to be completed instead of making premature changes based upon claims of cost-shifting by the utilities that were very recently rejected by the IUB.