

CHAPTER 200
ENERGY CONSERVATION IMPROVEMENTS
S.F. 450

AN ACT to create Iowa commerce commission pilot programs for energy conservation improvements.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. NEW SECTION. 476.61 ENERGY CONSERVATION IMPROVEMENTS — PILOT PROGRAMS.

1. As used in this section, unless the context otherwise requires:

a. "Energy conservation improvement" means the purchase or installation of a device, method, or material that increases the efficiency in the use of electricity or natural gas, including but not limited to:

- (1) Insulation and ventilation.
- (2) Storm or thermal doors or windows.
- (3) Caulking and weatherstripping.
- (4) Furnace efficiency modifications.
- (5) Thermostat and lighting controls.
- (6) Efficient lighting fixtures.
- (7) Window treatments.
- (8) Systems to turn off or vary the delivery of energy including load control devices.
- (9) Efficient appliances, water heaters, furnaces, and air conditioners.

b. "Investments of a public utility" means the investments incurred by a public utility in connection with an energy conservation improvement including but not limited to:

(1) The differential in interest cost between the market rate and the rate charged on a no-interest or below-market-interest loan made by a public utility to a customer for the purchase or installation of an energy conservation improvement.

(2) The difference between the utility's cost of purchase or installation of energy conservation improvements and any lower price charged by a public utility to a customer for the improvements.

(3) A credit, rebate or other financial incentive given to a customer for the purchase or installation of an energy conservation improvement.

2. Prior to January 1, 1986, the commission, after consultation with the Iowa energy policy council, shall initiate pilot programs to examine and demonstrate the feasibility of investments of a public utility in energy conservation improvements.

3. As part of the pilot programs, the commission shall require public utilities to make investments in energy conservation improvements. The cost of money, bad debt expense, administrative costs, and other costs of the pilot programs authorized by this section shall be included in general utility rates effective upon approval of the pilot programs by the commission pursuant to section 476.6, subsection 11. The inclusion of costs in utility rates as provided in this subsection shall not continue after the costs arising from the approved energy conservation program have been recovered.

4. Any energy conservation improvement made to or installed in any customer building pursuant to this section is the exclusive property of the owner of the building except to the extent of any security interest taken by the public utility in case of a loan to the building owner.

5. If investments by a public utility in energy conservation improvements are prohibited or restricted in any manner by federal law and there is a provision in that law under which the prohibition or restriction may be waived, the commission or other state officer or agency shall take whatever steps may be necessary to obtain the waiver for public utilities participating in the energy conservation improvement program.

6. For the purposes of determining "excess capacity" as provided in section 476.53, energy conservation improvements made as a result of this program or other programs initiated by utilities specifically to reduce demand, shall not be considered to contribute to the excess capacity of the utility.

A loan, credit, rebate or other financial incentive offered or given to a customer for the purchase or installation of an energy conservation improvement pursuant to this section shall not be contingent upon the improvement being performed by the utility.

7. The commission shall provide small businesses with an equal opportunity to compete by adopting rules pursuant to chapter 17A which require, where practical, that customers be provided with alternative pricing proposals for energy conservation improvements from small businesses and other persons in addition to the proposals provided by the investor-owned rate-regulated utilities.

8. If after the conclusion of a pilot program the commission finds that the program is an effective method to improve energy conservation and is expected to result in long-term savings in energy costs, the commission may adopt rules requiring all investor-owned, rate-regulated public gas and electric utilities to make investments in energy conservation improvements in accordance with this section.

Sec. 2. By January 1, 1988, the Iowa state commerce commission shall file with the governor and the general assembly a report on the effects section 476.61 created under this Act has made on rates charged to customers of investor-owned electric and natural gas utilities in Iowa and the report shall indicate the level of investments in energy conservation improvements made by the public utilities under the provisions of section 476.61.

Approved May 28, 1985