

# House File 2256 - Introduced

HOUSE FILE \_\_\_\_\_  
BY BERRY and KRESSIG

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act specifying conditions for the issuance of a certificate of  
2 public convenience, use, and necessity by the Iowa utilities  
3 board to a coal-fired merchant power plant.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 6374YH 82  
6 rn/rj/14

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1 1 Section 1. NEW SECTION. 476A.16 COAL-FIRED MERCHANT  
1 2 POWER PLANTS == ALLOCATION OF REVENUE.  
1 3 1. For purposes of this section, "coal-fired merchant  
1 4 power plant" means a power plant located in this state that  
1 5 burns coal and is not owned or operated by a public utility,  
1 6 municipally owned utility, municipal power agency, or electric  
1 7 cooperative corporation or association and which is not  
1 8 subject to rate regulation pursuant to chapter 476.  
1 9 2. As a condition for issuance of a certificate by the  
1 10 board pursuant to this chapter, the board shall require an  
1 11 owner or operator of a coal-fired merchant power plant to  
1 12 allocate revenue derived from the operation of the facility as  
1 13 follows:  
1 14 a. Provide one-tenth of one percent of gross revenue for  
1 15 the support of the Iowa energy center established in section  
1 16 266.39C and the university of Iowa center for global and  
1 17 regional environmental research established by the state board  
1 18 of regents.  
1 19 b. Provide two percent of gross revenue for an energy  
1 20 management improvement grant program to be administered by the  
1 21 center for energy and environmental education at the  
1 22 university of northern Iowa.  
1 23 3. As a condition for issuance of a certificate by the  
1 24 board pursuant to this chapter, the owner or operator of a  
1 25 coal-fired merchant power plant shall develop a multiyear plan  
1 26 and budget for managing regulated emissions from the facility  
1 27 in a cost-effective manner, as follows:  
1 28 a. The initial multiyear plan and budget shall be filed  
1 29 with the board when an application for a certificate pursuant  
1 30 to section 476A.3 is submitted by the owner or operator, with  
1 31 an additional copy provided to the department of natural  
1 32 resources. The plan shall, at a minimum, meet the electric  
1 33 power generating facility emissions criteria and standards  
1 34 applicable to plans approved by the board for rate-regulated  
1 35 utilities pursuant to section 476.6, subsection 22. If the  
2 1 board determines the plan to be deficient or inadequate in any  
2 2 way, a certificate shall not be issued.  
2 3 b. Updates to the plan and budget, incorporating the most  
2 4 up-to-date technological developments relating to emissions  
2 5 regulation, shall be filed with the board at least every  
2 6 twenty-four months, with a copy provided to the department of  
2 7 natural resources.  
2 8 c. Updates shall be considered in a contested case  
2 9 proceeding pursuant to chapter 17A. The department of natural  
2 10 resources and the consumer advocate shall participate as  
2 11 parties to the proceeding.  
2 12 d. The department of natural resources shall state whether  
2 13 the plan or update meets applicable state environmental  
2 14 requirements for regulated emissions. If the plan does not  
2 15 meet these requirements, the department shall recommend  
2 16 amendments that outline actions necessary to bring the plan or  
2 17 update into compliance with the environmental requirements.  
2 18 e. The board shall not approve a plan or update that does  
2 19 not meet applicable state environmental requirements and

2 20 federal ambient air quality standards for regulated emissions  
2 21 from electric power generating facilities located in this  
2 22 state.  
2 23 f. The board shall issue an order approving or rejecting a  
2 24 plan, update, or budget within one hundred eighty days after  
2 25 the utility's filing is deemed complete; however, upon good  
2 26 cause shown, the board may extend the time for issuing the  
2 27 order as follows:

2 28 (1) The board may grant an extension of thirty days.

2 29 (2) The board may grant more than one extension, but each  
2 30 extension must rely upon a separate showing of good cause.

2 31 (3) A subsequent extension must not be granted any earlier  
2 32 than five days prior to the expiration of the original  
2 33 one-hundred-eighty-day period, or the current extension.

2 34 g. If the plan is rejected by the board, the board shall  
2 35 issue an order to the owner or operator of the coal-fired  
3 1 merchant power plant to cease generation of power within  
3 2 thirty days.

3 3 4. The board, after consultation with the department of  
3 4 natural resources, may waive all or part of the requirements  
3 5 of subsection 2 upon finding that the coal-fired merchant  
3 6 power plant has achieved other methods to offset its  
3 7 production of greenhouse gases and other pollutants.

3 8 5. The board shall adopt rules pursuant to chapter 17A  
3 9 prescribing the regulatory standards and implementation  
3 10 procedures relating to application of the requirements of this  
3 11 section.

#### 3 12 EXPLANATION

3 13 This bill specifies conditions which must be satisfied by  
3 14 the owner or operator of a coal-fired merchant power plant in  
3 15 order to be issued a certificate of public convenience, use,  
3 16 and necessity by the Iowa utilities board.

3 17 The bill defines a coal-fired merchant power plant to refer  
3 18 to a plant located in Iowa that burns coal and is not owned or  
3 19 operated by a public utility, municipally owned utility,  
3 20 municipal power agency, or electric cooperative corporation or  
3 21 association, and which is not subject to rate regulation  
3 22 pursuant to Code chapter 476.

3 23 The bill provides that to be issued a certificate, an owner  
3 24 or operator of a coal-fired merchant power plant must allocate  
3 25 one-tenth of 1 percent of gross revenue from the plant's  
3 26 operation for the support of the Iowa energy center and the  
3 27 center for global and regional environmental research, and  
3 28 allocate 2 percent of gross revenue for an energy management  
3 29 improvement grant program to be administered by the center for  
3 30 energy and environmental education at the university of  
3 31 northern Iowa. These allocations may be waived if it is  
3 32 determined that such a power plant has achieved other methods  
3 33 to offset its production of greenhouse gases and other  
3 34 pollutants.

3 35 The bill also requires for issuance of a certificate that  
4 1 the owner or operator develop a multiyear plan and budget for  
4 2 managing regulated emissions from the power plant in a  
4 3 cost-effective manner. The plan and budget is required to be  
4 4 submitted to the board together with the application for  
4 5 issuance of the certificate, with a copy of the plan and  
4 6 budget provided to the department of natural resources. The  
4 7 bill references emissions criteria and standards which must be  
4 8 met by the plan, requires updates every two years  
4 9 incorporating the most up-to-date emissions regulation  
4 10 technology, indicates that updates shall be considered in  
4 11 contested case proceedings, and directs the department of  
4 12 natural resources to determine if a plan or update meets  
4 13 applicable state environmental requirements for regulated  
4 14 emissions and provide recommendations for compliance. If the  
4 15 plan does not meet these requirements, the department shall  
4 16 recommend amendments that outline actions necessary to bring  
4 17 the plan or update into compliance with the environmental  
4 18 requirements. Additionally, provisions relating to time  
4 19 frames for plan approval or rejection are contained in the  
4 20 bill, and for rulemaking by the board.

4 21 LSB 6374YH 82

4 22 rn/rj/14