

House Study Bill 123 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED GOVERNOR BILL)

A BILL FOR

1 An Act relating to energy systems by modifying electric power
2 generation, energy storage, and transmission facility
3 ratemaking principles, creating tariffs for public utility
4 innovation programs, implementing land restoration
5 standards, including right of first refusal, modifying
6 the energy infrastructure revolving loan program, and
7 creating regulations for anaerobic digester systems, making
8 appropriations, providing penalties, and including effective
9 date and applicability provisions.
10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 DIVISION I
2 ELECTRIC POWER GENERATION, ENERGY STORAGE, AND TRANSMISSION
3 FACILITY RATEMAKING PRINCIPLES

4 Section 1. Section 476.25, subsection 2, Code 2025, is
5 amended to read as follows:

6 2. Contracts between electric utilities to designate
7 service areas and customers to be served by the electric
8 utilities or for the exchange of customers between electric
9 utilities, when approved by the commission, shall be valid and
10 enforceable and shall be incorporated into the appropriate
11 exclusive service areas established pursuant to [subsection 1](#)
12 of [this section](#). The commission shall approve a contract if
13 it finds that the contract will eliminate or avoid unnecessary
14 duplication of facilities, will provide adequate electric
15 service to all areas and customers affected, will promote the
16 efficient and economical use and development of the electric
17 systems of the contracting electric utilities, and is in the
18 public interest. The commission shall also approve a contract
19 if it finds that the contract will promote economic development
20 within the state.

21 Sec. 2. NEW SECTION. 476.52A Definitions.

22 As used in this subchapter unless the context otherwise
23 requires:

24 1. "*Alternate energy production facility*" means the same as
25 defined in section 476.42.

26 2. "*Energy storage*" means any system, equipment, facility,
27 or technology that is capable of absorbing energy, storing the
28 energy for a period of time, and dispatching the energy through
29 one of the following manners:

30 a. Using mechanical, electrochemical, thermal,
31 electrolysis, or other processes to convert and store electric
32 energy that was generated at an earlier time for use at a later
33 time.

34 b. Using mechanical, electrochemical, biochemical, or
35 thermal processes to convert and store energy generated

1 from mechanical processes that would otherwise be wasted for
2 delivery at a later time.

3 c. Storing energy in an electric, thermal, or gaseous
4 state for direct use for heating or cooling at a later time
5 in a manner that avoids the need to use electricity or other
6 fuel sources at that later time, such as a grid-enabled water
7 heater.

8 3. "*Nuclear reactor*" means an apparatus designed to produce
9 electrical or heat energy through sustained nuclear fission in
10 a self-supporting chain reaction.

11 4. "*Repowering*" means either the complete dismantling and
12 replacement of generation equipment at an existing project
13 site, or the installation of new parts and equipment to an
14 existing alternate energy production facility in order to
15 increase energy production, reduce load, increase service
16 capacity, improve project reliability, or extend the useful
17 life of the facility.

18 Sec. 3. Section 476.53, subsection 1, Code 2025, is amended
19 to read as follows:

20 1. It is the intent of the general assembly to attract
21 the development of electric power generating, energy storage,
22 and transmission facilities within the state in sufficient
23 quantity to ensure reliable electric service to Iowa consumers,
24 ensure an adequate base load, and provide economic benefits to
25 the state. Ensuring reliable electric service and providing
26 economic benefits may require public utilities to consider
27 diverse electric power generating technologies and energy
28 storage technologies, including alternate energy production
29 facilities, nuclear reactors, and energy storage facilities.
30 It is also the intent of the general assembly to encourage
31 rate-regulated public utilities to consider altering existing
32 electric power generating facilities, ~~where~~ when reasonable,
33 to manage carbon emission intensity in order to facilitate the
34 transition to a carbon-constrained environment. It is also the
35 intent of the general assembly to encourage the development

1 of nuclear electric power generation within the state using
2 nuclear reactors and to use nuclear power to meet local and
3 regional electric needs.

4 Sec. 4. Section 476.53, subsection 3, paragraphs a, b, c,
5 and d, Code 2025, are amended to read as follows:

6 a. The commission shall ~~specify in advance, by order issued~~
7 ~~after conduct~~ a contested case proceeding, ~~the ratemaking~~
8 ~~principles that will apply when the costs of the electric power~~
9 ~~generating facility or alternate energy production facility are~~
10 ~~included in regulated electric rates~~ whenever a rate-regulated
11 public utility ~~does~~ seeks ratemaking principles for any of the
12 following:

13 (1) (a) ~~Files an application pursuant to section 476A.3~~
14 ~~to construct~~ The costs of constructing in Iowa a ~~baseload an~~
15 electric power generating facility with a nameplate generating
16 capacity equal to or greater than ~~three hundred~~ forty megawatts
17 ~~or a combined-cycle electric power generating facility, or an~~
18 alternate energy production facility as defined in section
19 476.42, or an energy storage facility, or the construction
20 costs to significantly alter an existing electric power
21 generating facility, alternate energy production facility, or
22 energy storage facility. For purposes of this subparagraph,
23 a significant alteration of an existing generating facility,
24 alternate energy production facility, or energy storage
25 facility must, in order to qualify for establishment of
26 ratemaking principles, fall into one of the following
27 categories:

28 (i) ~~Conversion of a coal fueled~~ an electric power generating
29 ~~facility into a gas fueled~~ to an alternate fuel type for the
30 electric power generating facility.

31 (ii) Addition of carbon capture and storage facilities ~~at a~~
32 ~~coal fueled~~ to an existing electric power generating facility.

33 (iii) ~~Addition of gas fueled capability to a coal fueled~~
34 ~~facility, in order to convert the facility to one that will~~
35 ~~rely primarily on gas for future generation~~ facilities to

1 capture exhaust heat and thereby generate additional electric
2 power at an existing electric power generating facility.

3 ~~(iv) Addition of a biomass fueled capability to a coal~~
4 ~~fueled facility.~~

5 ~~(v) (iv) Repowering of an alternate energy production~~
6 ~~facility. For purposes of this subparagraph subdivision,~~
7 ~~"repowering" shall mean either the complete dismantling and~~
8 ~~replacement of generation equipment at an existing project~~
9 ~~site, or the installation of new parts and equipment to an~~
10 ~~existing alternate energy production facility in order to~~
11 ~~increase energy production, reduce load, increase service~~
12 ~~capacity, improve project reliability, or extend the useful~~
13 ~~life of the facility.~~

14 (v) Addition of energy storage at an existing electric power
15 generating facility, alternate energy production facility, or
16 energy storage facility.

17 (b) With respect to a significant alteration of an
18 existing generating facility, ~~an original facility shall~~
19 ~~not be required to be either a baseload or a combined-cycle~~
20 ~~facility. Only only the incremental investment undertaken~~
21 ~~by a utility under subparagraph division (a), subparagraph~~
22 ~~subdivision (i), (ii), or (iii), ~~or (iv)~~ shall be eligible~~
23 ~~to apply the ratemaking principles established by the order~~
24 ~~issued pursuant to paragraph "e". Facilities for which advanced~~
25 ~~advance ratemaking principles are obtained pursuant to this~~
26 ~~section shall not be subject to a subsequent commission review~~
27 ~~pursuant to [section 476.6, subsection 19](#), to the extent that~~
28 ~~the investment has been considered by the commission under~~
29 ~~this section. To the extent an eligible utility has been~~
30 ~~authorized to make capital investments subject to section~~
31 ~~476.6, subsection 19, such investments shall not be eligible~~
32 ~~for ratemaking principles pursuant to [this section](#).~~

33 (2) ~~Leases or owns~~ When leased or owned in Iowa, in whole or
34 in part, a new ~~baseload~~ electric power generating facility with
35 a nameplate generating capacity equal to or greater than ~~three~~

1 ~~hundred forty megawatts or a combined-cycle electric power~~
2 ~~generating, a new energy storage facility, or a new alternate~~
3 ~~energy production facility as defined in section 476.42.~~

4 b. If the commission finds that the utility's application
5 meets the requirements of paragraph "c", the commission shall
6 specify by order issued after the contested case proceeding
7 the ratemaking principles that will apply when the costs of
8 the electric power generating facility or alternate energy
9 production facility are included in regulated electric rates.
10 In determining the applicable ratemaking principles, the
11 commission shall not be limited to traditional ratemaking
12 principles or traditional cost recovery mechanisms. Among the
13 principles and mechanisms the commission may consider, the
14 commission has the authority to approve ratemaking principles
15 proposed by a rate-regulated public utility that provide for
16 reasonable restrictions upon the ability of the public utility
17 to seek a general increase in electric rates under section
18 476.6 for at least three years after the generating facility
19 begins providing service to Iowa customers.

20 c. In determining the applicable ratemaking principles, the
21 commission shall make the following findings:

22 (1) The rate-regulated public utility has in effect a
23 commission-approved energy efficiency plan as required under
24 section 476.6, subsection 15.

25 (2) The rate-regulated public utility has demonstrated to
26 the commission that the public utility has considered other
27 sources for long-term electric supply and that the facility or
28 lease is reasonable when compared to other feasible alternative
29 sources of supply. The rate-regulated public utility shall
30 provide support of reasonability with an electric utility
31 resource plan pursuant to section 476.53C that has been updated
32 no more than twenty-four months prior to the filing of the
33 public utility's application.

34 ~~d. The applicable ratemaking principles shall be determined~~
35 ~~in a contested case proceeding, which proceeding required by~~

1 paragraph "a" may be combined with the proceeding for issuance
2 of a certificate conducted pursuant to [chapter 476A](#).

3 Sec. 5. NEW SECTION. **476.53B Commission authority and**
4 **proceedings.**

5 The commission shall adopt rules pursuant to chapter 17A
6 to provide for the completion of proceedings under section
7 476.53 within ten months after the date of the filing of an
8 application under section 476.53, subsection 3. The rules
9 shall include reasonable time limitations for the submission or
10 completion of comments and testimony, and exhibits, briefs, and
11 hearings, and may provide for the granting of additional time
12 upon the request of a party to the proceeding for good cause
13 shown.

14 Sec. 6. NEW SECTION. **476.53C Electric utility resource**
15 **planning.**

16 1. An electric utility required to be rate-regulated by the
17 commission shall file a resource plan at least once every five
18 years. A resource plan shall consider all reasonable resources
19 proposed by the utility for meeting the probable future demand
20 for energy, including supply resources and conservation and
21 management of demand. For conservation and management of
22 demand, an electric utility's resource plan shall include
23 programs approved in the electric utility's most recent energy
24 efficiency plan approved by the commission under section 476.6,
25 subsection 15. The objectives of a resource plan include but
26 are not limited to adequate, cost-effective, and reliable
27 energy service considering costs, fuel diversity, and probable
28 future demand for energy. A resource plan shall not require a
29 specific outcome or specific investment decisions. A resource
30 plan shall reflect the circumstances and management judgment
31 of an electric utility. This section does not restrict an
32 electric utility from making planning decisions based on future
33 resource needs subject to the ratemaking oversight of the
34 commission.

35 2. The commission shall review a resource plan. Within

1 ninety days of filing the final resource plan, the commission
2 shall issue an order acknowledging it has received the plan.
3 In the order acknowledging receipt, the commission may provide
4 recommendations to an electric utility regarding any additional
5 analyses or actions that the electric utility should consider
6 completing in its next resource plan.

7 3. The commission shall adopt rules pursuant to chapter
8 17A regarding the timeline and stakeholder process to review
9 and provide comments on the resource plan. The stakeholder
10 process shall include the electric utility organizing and
11 facilitating a stakeholder conference for the resource plan.
12 The stakeholder conference shall include representatives of the
13 commission, the consumer advocate, and the electric utility's
14 customers. The electric utility shall make a good faith effort
15 to inform and consider input from the commission, the consumer
16 advocate, and stakeholders.

17 DIVISION II

18 TARIFFS FOR PUBLIC UTILITY INNOVATION PROGRAMS

19 Sec. 7. Section 476.6, Code 2025, is amended by adding the
20 following new subsection:

21 NEW SUBSECTION. 22. *Innovative utility programs.*

22 a. It is the intent of the general assembly to encourage
23 public utilities to pursue innovation in pricing and programs
24 to meet the dynamic needs of current and prospective customers,
25 enable price-responsive solutions, and to provide economic,
26 environmental, employment, and other benefits to the state.
27 It is also the intent of the general assembly that these
28 new endeavors shall not negatively impact nonparticipating
29 customers. Therefore, the general assembly declares that
30 innovative utility programs are essential to further the
31 attraction and retention of customers to benefit the state's
32 economy and to support economical and sustainable energy
33 production.

34 b. (1) A tariff authorized under this subsection shall
35 comply with all of the following conditions:

1 (a) A program created under the tariff shall be available to
2 interested energy customers and customer participation shall
3 be optional.

4 (b) A tariff shall define the eligible customer groups.

5 (c) An eligible customer group shall not exclude directly
6 competing customers in the same customer service territory.
7 For purposes of this subparagraph, "*directly competing*
8 *customers*" means customers that make the same end product or
9 offer the same service for the same general group of customers,
10 and excludes customers that only produce component parts of the
11 same end product.

12 (d) Participating customers shall bear all program costs.
13 Program costs include direct costs associated with the
14 construction, operation, maintenance, and interconnection of
15 facilities, including new transmission infrastructure directly
16 arising from the tariff program and costs related to the
17 implementation of tariff programs. Participants in a tariff
18 approved pursuant to this section shall participate in future
19 indirect costs allocated to customers of that utility without
20 regard for the existence of a tariff approved pursuant to this
21 section.

22 (e) A tariff shall not alter the existing base rates or
23 charges of the public utility. Refund, credit, or waiver of
24 existing base rates or charges offered as part of the program
25 shall not be considered an alteration of existing base rates
26 or charges.

27 (f) The program created under the tariff shall not
28 negatively impact nonparticipating customers. Additional
29 costs incurred by nonparticipating customers due to costs
30 arising from the tariff, tariff participants no longer sharing
31 in customer class costs, or decreased customer benefit from
32 existing infrastructure shall be considered negative impacts.

33 (2) A tariff authorized under this subsection may include
34 any of the following:

35 (a) Recovery of costs associated with program-specific

1 services or facilities, including but not limited to energy
2 storage, renewable hydrogen, transmission, electric generating
3 facilities, electric distribution facilities, renewable natural
4 gas generation facilities, renewable natural gas distribution
5 facilities, utility-assisted hourly prices, or liquefied
6 natural gas facilities, or administrative and other overhead
7 costs relating to the same.

8 (b) A negotiated rate of return, for new or existing
9 facilities or services provided by the electric utility that
10 are serving the program created under the tariff, applicable to
11 the program for its duration. The use of existing facilities
12 would require reconciliation of impact to existing customers
13 and would no longer be subject to previously approved advance
14 ratemaking principles. In the event that the tariff or its
15 eligible customer class cease to exist, no charges shall be
16 imposed on or costs recovered from existing customers unless
17 approved in a general rate case. A utility may seek to
18 demonstrate the prudence, necessity, and use and usefulness
19 of program-specific facilities or services as defined in
20 subparagraph division (a) and recovery of costs for the same in
21 a general rate proceeding, without any presumption regarding
22 approval of such request.

23 (c) Application of the program to readily identifiable
24 customer usage patterns, customer characteristics, or output
25 of specified facilities.

26 (d) Assignment of program benefits, including nonmonetary
27 benefits that may derive from dynamically balancing supply and
28 demand, providing ancillary services, or the production of
29 renewable energy attributes.

30 (e) Refund, credit, or waive the base rate or charge for
31 the replaced service when the program created under the tariff
32 replaces a service for which the public utility collects an
33 existing base rate or charge. A participating customer shall
34 pay the costs of remaining services received from the public
35 utility unless those costs are refunded, credited, or waived

1 under the program created by the tariff.

2 (3) If a utility can demonstrate to the commission that
3 a proposed tariff generates excess revenue for the utility
4 as compared to total revenue without the tariff, such excess
5 revenue may be retained by the utility.

6 c. (1) A public utility's participation under this
7 subsection is not mandatory. A public utility that elects to
8 propose a tariff or tariff amendment under this subsection
9 shall file an application for approval with the commission.
10 The application shall include an identification of costs and
11 benefits related to the program for the commission's review of
12 the conditions specified in paragraph "b", subparagraph (1).

13 (2) Within thirty days, the commission shall approve, deny,
14 or docket for further review an application for a tariff or
15 amended tariff submitted pursuant to this subsection. If the
16 application is docketed for further review, the commission
17 shall render a decision within ninety days from the date of
18 application filing unless an objection has been filed with the
19 commission. If the application proposes to amend a tariff
20 previously approved under this subsection, the commission shall
21 not reconsider existing programs previously approved under the
22 tariff unless proposed as part of the amendment. All further
23 review shall be conducted as a contested case pursuant to
24 chapter 17A.

25 (3) If the application proposes to amend a tariff previously
26 approved under this subsection as described in paragraph "b",
27 subparagraph (2), the commission shall act on the application
28 as described in subparagraph (2) of this paragraph, but shall
29 not reconsider existing programs previously approved under the
30 tariff unless proposed as part of the amendment.

31 (4) In the exercise of its authority under this subsection,
32 the commission shall not:

33 (a) Limit the number of applications a public utility may
34 file pursuant to this subsection.

35 (b) Deny a tariff because a public utility is subject to an

1 alternative regulatory mechanism, nor require a public utility
2 subject to an alternative regulatory mechanism to record the
3 revenues and costs associated with the program inconsistent
4 with the federal energy regulatory commission's uniform system
5 of accounts; provided, however, that this provision shall not
6 prohibit the utilities commission from denying a tariff if the
7 proposed tariff would result in detrimental treatment of other
8 customers, or require adjustment to the calculation of the
9 alternative regulatory mechanism to reflect the impact of an
10 approved tariff.

11 (c) Condition its approval on the public utility changing
12 its proposal if the public utility has not agreed to such
13 changes. This subparagraph division shall not be interpreted
14 to prevent the commission from identifying changes to the
15 proposal that might result in approval.

16 (5) Tariffs and programs approved pursuant to this
17 subsection shall be rebuttably presumed just and reasonable in
18 any subsequent general rate case proceeding.

19 d. The commission shall not condition approval or denial of
20 a tariff on final adoption of rules by the commission.

21 e. The commission shall adopt rules pursuant to chapter 17A
22 to implement this subsection.

23 Sec. 8. APPLICABILITY. This division of this Act applies
24 to a public utility filing an application with the utilities
25 commission for review of a tariff on or after the effective
26 date of this division of this Act.

27 DIVISION III

28 LAND RESTORATION — ELECTRIC TRANSMISSION LINES APPROVED BY
29 FEDERALLY REGISTERED PLANNING AUTHORITY TRANSMISSION PLANS

30 Sec. 9. Section 478.16, Code 2025, is amended to read as
31 follows:

32 **478.16 Electric transmission lines — federally registered**
33 **planning authority transmission plans.**

34 1. Development and investment in high-voltage transmission
35 is urgently needed to ensure the reliable, adequate, secure,

1 and stable delivery of electricity to consumers. To ensure
2 reliable electric service to the people of Iowa as a matter
3 of public policy, it is the intent of the general assembly
4 to express a preference for further investment in Iowa
5 transmission infrastructure by electric transmission owners who
6 have already dedicated significant resources to develop the
7 infrastructure on which Iowans rely and who are better able to
8 provide reliable electric service to local electric utilities
9 and retail customers in Iowa.

10 ~~1.~~ 2. As used in this section, unless the context otherwise
11 requires:

12 *a. "Electric transmission line"* means a high-voltage
13 electric transmission line located in this state with a
14 ~~capacity~~ voltage of one hundred kilovolts or more and any
15 associated electric transmission facility, including any
16 substation or other equipment located in this state.

17 *b. "Electric transmission owner"* means an individual
18 or entity ~~who, as of July 1, 2020,~~ formed, located, or
19 headquartered in any state who owns and maintains an
20 electric transmission line in this state that is required
21 for rate-regulated electric utilities, municipal electric
22 utilities, and rural electric cooperatives ~~in this state~~ to
23 provide electric service to the public for compensation.

24 *c. "Incumbent electric transmission owner"* means any an
25 individual or entity meeting the definition of the following:

26 ~~(1) A public utility or a municipally owned utility that~~
27 ~~owns, operates, and maintains an electric transmission line in~~
28 ~~this state.~~

29 ~~(2) An electric cooperative corporation or association or~~
30 ~~municipally owned utility that owns an electric transmission~~
31 ~~facility in this state and has turned over the functional~~
32 ~~control of such facility to a federally approved authority.~~

33 ~~(3) An an "electric transmission owner" as defined in~~
34 ~~paragraph "b" on or before July 1, 2024.~~

35 *d. "Landowner"* ~~means the same as defined in section 478.2~~

1 "Initial construction" means the construction necessary to
2 establish and place an electric transmission line into initial
3 operation.

4 e. "Load ratio share" means the amount, expressed as a
5 percentage, of a public power utility's electric load divided
6 by the total electric load in the applicable incumbent electric
7 transmission owner's pricing zone.

8 e. f. "Municipally owned utility" means a "city utility"
9 as defined in section 362.2, or an "electric power agency" as
10 defined in section 390.9 which that is comprised solely of
11 cities or solely of cities and other political subdivisions.

12 g. "Public power utility" means a municipally owned utility
13 or an electric cooperative corporation or association that
14 receives transmission service from an incumbent electric
15 transmission owner, or that is subject to regional cost
16 allocation for the electric transmission line, or both.

17 h. "Qualified individual" means someone who is capable and
18 knowledgable enough to determine compliance with the standards
19 set forth in this section.

20 ~~2.~~ 3. a. An incumbent electric transmission owner has the
21 right to construct, own, and maintain an electric transmission
22 line that has been approved for construction in a federally
23 registered planning authority transmission plan and ~~which that~~
24 directly connects to an electric transmission facility owned by
25 the incumbent electric transmission owner. Where a proposed
26 electric transmission line would directly connect to electric
27 transmission facilities owned by two or more incumbent electric
28 transmission owners, each incumbent electric transmission owner
29 whose facility connects to the electric transmission line
30 has the right to construct, own, and maintain the electric
31 transmission line individually and equally. If an incumbent
32 electric transmission owner declines to construct, own, and
33 maintain its portion of an electric transmission line that
34 would connect to electric transmission facilities owned by
35 two or more incumbent electric transmission owners, then the

1 other incumbent electric transmission owner or owners that
2 own an electric transmission facility to which the electric
3 transmission line connects has the right to construct, own, and
4 maintain the electric transmission line individually.

5 b. An eligible incumbent electric transmission owner
6 exercising the right to construct, own, and maintain an
7 electric transmission line pursuant to paragraph "a" shall
8 offer public power utilities an opportunity to jointly own a
9 portion of the electric transmission line and such offer shall
10 be in an amount not less than a public power utility's load
11 ratio share, pursuant to a written agreement. Nothing in this
12 section shall be construed to prohibit an incumbent electric
13 transmission owner and a public power utility from agreeing to
14 joint ownership of an electric transmission line in an amount
15 different than the public power utility's load ratio share. A
16 public power utility may transfer or assign joint ownership
17 rights acquired under this section to another public power
18 utility or group of public power utilities by mutual consent of
19 the eligible contracting parties.

20 c. An eligible incumbent electric transmission owner
21 exercising the right to construct, own, and maintain an
22 electric transmission line pursuant to paragraph "a" may
23 contract with another electric transmission owner or electric
24 public utility as defined in section 476.1 to jointly own a
25 portion of the electric transmission line pursuant to a written
26 agreement.

27 d. For purposes of this section, a municipally owned utility
28 or an electric cooperative corporation or association may elect
29 to be an incumbent electric transmission owner or a public
30 power utility but cannot act as both with respect to a single
31 transmission line.

32 ~~3.~~ 4. If an electric transmission line has been approved
33 for construction in a federally registered planning authority
34 transmission plan, and the electric transmission line is
35 not subject to a right of first refusal in accordance with

1 the tariff of a federally registered planning authority
2 and would otherwise be subject to a competitive developer
3 process, then within the later of ninety days of approval for
4 construction or ninety days after enactment of this division
5 of this Act, an incumbent electric transmission owner, or
6 owners if there is more than one owner, that owns a connecting
7 electric transmission facility shall give written notice
8 to the commission regarding whether the incumbent electric
9 transmission owner or owners intend to construct, own, and
10 maintain the electric transmission line. If the incumbent
11 electric transmission owner or owners give notice of intent
12 to construct the electric transmission line, the incumbent
13 electric transmission owner or owners shall follow the
14 applicable franchise requirements pursuant to [this chapter](#).
15 The incumbent electric transmission owner shall update the
16 notice to construct an electric transmission line to include
17 information concerning the implementation of joint ownership
18 as described in subsection 3, paragraphs "b" and "c", within
19 thirty days after a written agreement has been reached between
20 the parties. If the incumbent electric transmission owner
21 or owners give notice declining to construct the electric
22 transmission line, the commission may determine whether another
23 person may construct the electric transmission line.

24 ~~4.~~ 5. For projects ~~where~~ for which an election to construct
25 an electric transmission line has been made under [this section](#),
26 all of the following cost accountability measures shall apply:

27 *a.* Within thirty days after the issuance of a franchise
28 pursuant to [this chapter](#) for the electric transmission line,
29 the incumbent electric transmission owner or owners shall
30 provide to the commission an estimate of the cost to ~~construct~~
31 complete the initial construction of the electric transmission
32 line.

33 *b.* Until the initial construction of the electric
34 transmission line is complete, the incumbent electric
35 transmission owner or owners shall provide a quarterly report

1 to the commission, which shall include an updated estimate of
2 the cost to construct the electric transmission line, ~~and an~~
3 explanation of changes in the cost estimate from the prior
4 cost estimate, and documentation that the incumbent electric
5 transmission owner or owners have used competitively bid
6 construction contracts that meet all the technical, commercial,
7 and other specifications, such as safety performance, that
8 are required by the incumbent electric transmission owner or
9 owners with respect to the initial construction of the electric
10 transmission line.

11 c. The consumer advocate appointed under section 475A.1
12 shall have free access to documents, reports, and information
13 submitted to the commission pursuant to this subsection,
14 consistent with section 475A.4. To the extent relevant, the
15 commission and the consumer advocate may use the information
16 for any purpose properly within the scope of their respective
17 duties including but not limited to use in proceedings before
18 the federal energy regulatory commission to challenge the
19 costs incurred by the incumbent electric transmission owner.
20 However, this subsection does not create a private cause of
21 action or complaint.

22 ~~5.~~ 6. This section shall not modify the authority of the
23 commission under this chapter, the rights of landowners under
24 this chapter, or the requirements, rights, and obligations
25 relating to the construction, maintenance, and operation of
26 electric transmission lines pursuant to this chapter.

27 ~~6.~~ 7. This section shall not apply to an electric
28 transmission line to be placed underground that has not been
29 approved for construction in a federally registered planning
30 authority transmission plan.

31 ~~7.~~ 8. The commission shall adopt rules pursuant to chapter
32 17A to administer this section, which shall include rules
33 regarding the restoration of agricultural lands following the
34 initial construction of an electric transmission line, as
35 specified in subsection 9.

1 9. The commission shall adopt rules to implement the
2 following requirements, which shall not apply within the
3 corporate limits of a city or to any construction, activity, or
4 electric transmission lines other than the initial construction
5 of an electric transmission line with a voltage of two hundred
6 or more kilovolts and for which an election to construct has
7 been made under this section:

8 a. An incumbent electric transmission owner shall repair a
9 damaged underground drain tile as soon as practicable during
10 construction of the electric transmission line. Permanent
11 repairs to the damaged underground drain tile shall be
12 completed as soon as practicable after the initial construction
13 of the electric transmission line is complete. The repairs
14 made to the damaged drain tile shall be of at least equal
15 quality, size, and flow capacity of the original drain tile.

16 b. Following the initial construction of an electric
17 transmission line, the incumbent electric transmission owner
18 shall remove from the easement area all rock larger than
19 three inches in average diameter not native to the soil of
20 the excavated land. The rock removed from the excavated land
21 that cannot be used to backfill shall be disposed of at a
22 location and in a manner agreed upon by the incumbent electric
23 transmission owner and the landowner.

24 c. Upon completion of construction activities on a property,
25 the incumbent electric transmission owner shall deep till
26 agricultural land, including right-of-way access points or
27 roads traversed by heavy construction equipment, to alleviate
28 soil compaction. The land shall be tilled at least eighteen
29 inches deep in land used for crop production and twelve
30 inches deep in other lands unless otherwise agreed to by the
31 landowner.

32 d. Upon completion of the electric transmission line,
33 the incumbent electric transmission owner shall restore the
34 soil conservation practices and structures damaged during
35 construction of the electric transmission line to the elevation

1 and grade existing on the land prior to the construction.
2 The soil used to repair embankments intended to retain water
3 shall be well compacted. Any vegetation disturbed during
4 construction shall be reestablished, including cover crops when
5 appropriate.

6 e. Following compaction of the land, agricultural land that
7 is not in row crop or small grain production at the time of
8 construction, including hay ground and land in conservation or
9 set-aside programs, shall be reseeded and a cover crop shall
10 be utilized when appropriate. Seeding for cover crops may be
11 delayed if the construction of the electric transmission line
12 is completed too late in the year for a cover crop to become
13 established and is not required if the land will be tilled in
14 the following year. The landowner may request ground cover
15 to prevent soil erosion in areas where construction on the
16 electric transmission line is completed if the season is not
17 suitable for seeding a cover crop.

18 f. Unless agreed upon by the incumbent electric transmission
19 owner and the landowner, the incumbent electric transmission
20 owner shall remove field entrances or temporary roads built for
21 the purpose of constructing the electric transmission line upon
22 the completion of the initial construction and restore the area
23 to its previous use.

24 g. An incumbent electric transmission owner shall use good
25 utility practices for constructing the electric transmission
26 line in wet conditions, such as electing to use matting or
27 padding when utilizing heavy equipment. An incumbent electric
28 transmission owner shall grade and till any rutted land to
29 restore, to the extent practicable, the original condition of
30 the land prior to the construction of the electric transmission
31 line. If agreed upon by the incumbent electric transmission
32 owner and the landowner, the landowner may repair any damage
33 caused by construction activities in wet conditions and the
34 incumbent electric transmission owner shall reimburse the
35 landowner for the reasonable cost incurred to repair the

1 damage. If an incumbent electric transmission owner utilizes
2 heavy equipment in wetlands or mudflats, mats or other measures
3 shall be utilized to minimize soil disturbance.

4 h. For each electric transmission line, the incumbent
5 electric transmission owner shall designate a point of
6 contact for inquiries or claims from an affected person. The
7 designation shall include a name, a telephone number, an email
8 address, and an address.

9 10. a. If an incumbent electric transmission owner and
10 a landowner dispute a potential violation of the restoration
11 standards provided in subsection 9, the commission may
12 appoint a qualified individual to inspect the property for
13 compliance. If the qualified individual determines that
14 there has been a violation of the applicable restoration
15 standards, the commission shall provide oral notice, followed
16 by written notice, to the incumbent electric transmission
17 owner and the contractor operating for the incumbent electric
18 transmission owner and order corrective action to comply with
19 the restoration standards. The incumbent electric transmission
20 owner shall be responsible for the costs of the corrective
21 action.

22 b. If the incumbent electric transmission owner or the
23 contractor for the incumbent electric transmission owner does
24 not comply with a valid order for corrective action issued by
25 the commission, the commission may issue an order requiring
26 corrective action to be taken and may impose civil penalties
27 under section 478.29.

28 c. The commission shall instruct the inspector appointed by
29 the commission regarding the content of the statutes and rules
30 and the responsibility of the inspector to require restoration
31 conforming with the standards established in subsection 9.

32 11. a. A petitioner for a franchise for an electric
33 transmission line shall file with the petition a written land
34 restoration plan that documents how the requirements and rules
35 of subsection 9 will be met. The petitioner shall provide a

1 copy of the plan to all landowners of property that will be
2 disturbed by the initial construction.

3 b. Nothing in this section shall preclude the application
4 of provisions for protecting or restoring property that are
5 different than those prescribed in subsection 9, in rules
6 adopted under subsection 9, or in the land restoration plan,
7 if the alternative provisions are contained in agreements
8 independently executed by the incumbent electric transmission
9 owner and the landowner. Independent agreements for land
10 restoration between the incumbent electric transmission owner
11 and the landowner shall be in writing and provided to the
12 commission.

13 c. The commission may by waiver allow variations from
14 the requirements of subsection 9 if the incumbent electric
15 transmission owner requesting a waiver satisfies the standards
16 set forth in section 17A.9A and if the alternative methods
17 proposed by the incumbent electric transmission owner would
18 restore the land to a condition as good as or better than as
19 provided for in subsection 9.

20 d. The commission may waive preparation of a separate
21 land restoration plan if the incumbent electric transmission
22 owner enters into an agricultural impact mitigation plan
23 or similar agreement with the appropriate agencies of this
24 state that satisfies the requirements of subsection 9. If a
25 mitigation plan or agreement is used to fully or partially meet
26 the requirements of a land restoration plan, the statement
27 or agreement shall be filed with the commission and shall be
28 considered to be, or to be part of, the land restoration plan
29 for purposes of subsection 9.

30 12. Nothing in this section shall limit, expand, or
31 otherwise modify the rights of access and obligations for
32 damages set forth in section 478.17.

33 Sec. 10. Section 478.18, Code 2025, is amended to read as
34 follows:

35 **478.18 Supervision of construction — location.**

1 1. The utilities commission shall have power of supervision
2 over the construction of a transmission line and over its
3 future operation and maintenance, including inspections for
4 compliance with the standards adopted under section 478.16
5 after restoration of the land is complete.

6 2. A transmission line shall be constructed near and
7 parallel to roads, to the right-of-way of the railways of the
8 state, or along the division lines of the lands, according
9 to the government survey, wherever the same is practicable
10 and reasonable, and so as not to interfere with the use
11 by the public of the highways or streams of the state, nor
12 unnecessarily interfere with the use of any lands by the
13 occupant.

14 3. The utilities commission may contract a qualified
15 individual for the purpose of inspections authorized under
16 section 478.16. The reasonable cost of the inspection shall
17 be paid by the incumbent electric transmission owner. The
18 utilities commission shall instruct the inspector appointed by
19 the commission regarding the content of the statutes and rules
20 and the responsibility of the inspector to require restoration
21 conforming with the applicable standards established in section
22 478.16. For purposes of this section, "qualified individual"
23 means the same as defined in section 478.16.

24 Sec. 11. EFFECTIVE DATE. This division of this Act, being
25 deemed of immediate importance, takes effect upon enactment.

26 Sec. 12. RETROACTIVE APPLICABILITY. With the exception
27 of the portion of the section of this division of this Act
28 amending section 478.16, subsection 3, paragraph "b", this
29 division of this Act applies retroactively to transmission
30 lines included in a federally registered planning authority
31 long-term transmission plan approved on or after July 1,
32 2020. The portion of the section of this division of this
33 Act amending section 478.16, subsection 3, paragraph "b",
34 shall apply retroactively to transmission lines included in a
35 federally registered planning authority long-term transmission

1 plan approved on or after July 1, 2024.

2 DIVISION IV

3 ENERGY AND WATER INFRASTRUCTURE REVOLVING LOAN PROGRAM

4 Sec. 13. Section 476.46A, Code 2025, is amended to read as
5 follows:

6 **476.46A Energy and water infrastructure revolving loan**
7 **program.**

8 1. a. An energy and water infrastructure revolving loan
9 fund is created in the office of the treasurer of state and
10 shall be administered by the ~~Iowa energy center economic~~
11 ~~development authority~~ established in [section 15.120 15.105](#).

12 b. The fund may be administered as a revolving fund and may
13 consist of any moneys appropriated by the general assembly for
14 purposes of [this section](#) and any other moneys that are lawfully
15 directed to the fund.

16 c. Moneys in the fund shall be used to provide financial
17 assistance for the development and construction of energy or
18 water infrastructure, ~~including projects that support electric~~
19 ~~or gas generation transmission, storage, or distribution;~~
20 ~~electric grid modernization; energy sector workforce~~
21 ~~development; emergency preparedness for rural and underserved~~
22 ~~areas; the expansion of biomass, biogas, and renewable~~
23 ~~natural gas; innovative technologies; and the development of~~
24 ~~infrastructure for alternative fuel vehicles~~ that support
25 economic development.

26 d. Notwithstanding [section 8.33](#), moneys appropriated in this
27 section that remain unencumbered or unobligated at the close of
28 the fiscal year shall not revert but shall remain available for
29 expenditure for the purposes designated until the close of the
30 succeeding fiscal year.

31 e. Notwithstanding [section 12C.7, subsection 2](#), interest or
32 earnings on moneys in the fund shall be credited to the fund.

33 2. a. The ~~Iowa energy center economic development~~
34 ~~authority~~ shall establish and administer an energy and
35 water infrastructure revolving loan program to encourage the

1 development of energy and water infrastructure within the
2 state.

3 ~~b. An individual, business, rural electric cooperative,~~
4 ~~or municipal utility located and operating in this state~~
5 ~~shall be eligible for financial assistance under the program.~~
6 ~~With the approval of the Iowa energy center governing board~~
7 ~~established under section 15.120, subsection 2, the economic~~
8 ~~development authority shall determine the amount and the~~
9 ~~terms of all financial assistance awarded to an individual,~~
10 ~~business, rural electric cooperative, or municipal utility~~
11 ~~under the program. All agreements and administrative authority~~
12 ~~shall be vested in the Iowa energy center governing board.~~
13 To be eligible for a financial assistance award under the
14 energy and water infrastructure revolving loan program, an
15 eligible borrower must demonstrate that the proposed project
16 will attract and encourage the location of new industrial
17 enterprise or the expansion of existing industrial enterprise.
18 Eligible borrowers may be awarded financial assistance
19 under the program for projects that support electric or gas
20 generation transmission, storage, or distribution; electric
21 grid modernization; energy sector workforce development;
22 emergency preparedness for rural and underserved areas; the
23 expansion of biomass, biogas, and renewable natural gas; or
24 innovative technologies and drinking water treatment systems
25 and wastewater treatment systems. The economic development
26 authority shall determine the amount and the terms of all
27 financial assistance awarded to an eligible borrower under the
28 program. All agreements and administrative authority shall be
29 vested in the economic development authority. The economic
30 development authority may adopt rules for the implementation of
31 this program.

32 *c.* The economic development authority may use not more than
33 five percent of the moneys in the fund at the beginning of each
34 fiscal year for purposes of administrative costs, marketing,
35 technical assistance, and other program support.

1 d. Each fiscal year beginning July 1, 2025, the economic
2 development authority shall be authorized to transfer an amount
3 not to exceed six hundred thirty-three thousand dollars from
4 the energy and water infrastructure revolving loan fund to Iowa
5 state university of science and technology to be used for the
6 purposes of providing financial assistance to the state load
7 forecasting center.

8 3. For the purposes of **this section**:

9 a. "Eligible borrower" means an individual, business,
10 county, city, rural electric cooperative, or municipal utility
11 located and operating in this state.

12 ~~a.~~ b. "Energy infrastructure" means land, buildings,
13 physical plant and equipment, and services directly related
14 to the development of projects used for, or useful for,
15 electricity or gas generation, transmission, storage, or
16 distribution.

17 ~~b.~~ c. "Financial assistance" means the same as defined in
18 section 15.102.

19 d. "Water infrastructure" means water pollution control
20 facilities useful for the collection, treatment, and disposal
21 of sewage and industrial waste in a sanitary manner and
22 drinking water facilities useful for providing potable water to
23 residents served by a water system.

24 DIVISION V

25 ANAEROBIC DIGESTER SYSTEMS

26 Sec. 14. NEW SECTION. 459C.101 Title.

27 This chapter shall be known and may be cited as the "*Animal*
28 *Agriculture Compliance Act for Anaerobic Digester Systems*".

29 Sec. 15. NEW SECTION. 459C.102 Definitions.

30 1. For purposes of this chapter, unless the context
31 otherwise requires:

32 a. "Anaerobic digester system" or "digester" means a covered
33 manure storage structure, if the function of the manure storage
34 structure is to process manure, by employing environmental
35 conditions including bacteria to break down organic matter in

1 the absence of oxygen, and is used for producing, collecting,
2 and utilizing a biogas, and may also process on-farm and
3 off-farm organic feedstocks, and food products or food for
4 human consumption if approved by the department pursuant to
5 section 459C.201, subsection 4. "*Anaerobic digester system*"
6 also includes related buildings, storage structures, transfer
7 pipes, and stockpiles associated with the digester process.

8 *b. "Digestate"* means the dry or liquid nutrient-rich
9 material that remains after the anaerobic digestion of organic
10 matter, such as agricultural residues, food waste, or manure.

11 *c. "Off-farm organic feedstocks"* means organic materials
12 that originate from outside the farm but can be used within
13 farming systems, particularly for soil enrichment, composting,
14 or other agricultural purposes.

15 *d. "On-farm organic feedstocks"* means organic materials
16 that are produced as by-products of farming activities that
17 typically come from plant or animal sources and may include
18 crop residues and other organic waste generated during farm
19 operations.

20 *e. "Owner"* means the person who owns an anaerobic digester
21 system.

22 2. Where not in conflict with the definitions set out in
23 subsection 1, the definitions provided in sections 459.102,
24 459A.102, and 459B.102 shall control.

25 Sec. 16. NEW SECTION. **459C.103 General authority —**
26 **commission and department — purpose — compliance.**

27 1. The commission shall establish, by rule adopted pursuant
28 to chapter 17A, requirements relating to the construction,
29 including expansion, or operation of anaerobic digester
30 systems, including related buildings, storage structures,
31 transfer pipes, and stockpiles.

32 2. The purpose of this chapter is to provide requirements
33 relating to the construction, including the expansion, and
34 operation of anaerobic digester systems and the control of
35 digestate, which purpose shall be construed to supplement

1 applicable provisions of chapters 459, 459A, and 459B. If
2 there is a conflict between the provisions of this chapter and
3 chapters 459, 459A, and 459B, the provisions of this chapter
4 shall prevail.

5 Sec. 17. NEW SECTION. **459C.201 Anaerobic digester systems**
6 **— permit requirements.**

7 1. The department shall approve applications for permits
8 for the construction, including the expansion, of anaerobic
9 digester systems, as provided by rules adopted pursuant to this
10 chapter. The department's decision to approve a permit for the
11 construction of an anaerobic digester system shall be based on
12 whether the application is submitted according to procedures
13 required by the department and the application meets standards
14 established by the department. Construction of an anaerobic
15 digester system requiring a permit under this section shall not
16 begin until the department first approves the application and
17 issues a construction permit.

18 2. In addition to the construction permit application under
19 subsection 1, the following must be submitted in order for the
20 department to approve the application:

21 a. A two hundred fifty dollar construction permit
22 application fee.

23 b. A written plan for the disposal of the digestate.

24 c. A written operation plan for the anaerobic digester
25 system detailing the responsibilities of all owners, animal
26 feeding operations, or other entities involved in the anaerobic
27 digester system processes.

28 3. Every anaerobic digester system shall obtain a
29 construction permit, regardless of size of the anaerobic
30 digester system or facility. The owner of the anaerobic
31 digester system is considered the applicant and shall be
32 responsible for the construction and operation of the anaerobic
33 digester system.

34 4. a. Every anaerobic digester system is intended to accept
35 only manure unless department approval is obtained for the

1 inclusion of on-farm and off-farm organic by-products, food
2 products, or food for human consumption. Nonmanure material
3 shall not exceed ten percent of the total material added to the
4 anaerobic digester system.

5 *b.* Daily records of the volumes of all materials added
6 to the anaerobic digester system shall be required to be
7 maintained at the facility.

8 *c.* The department may require additional testing or
9 monitoring of any manure or nonmanure component being added
10 to the anaerobic digester system. The department may require
11 additional testing of the digestate.

12 *d.* Medical wastes, including expired or unused antibiotics,
13 petroleum products not designed for use in manure storage
14 facilities, pesticides, paints, solvents, hazardous materials,
15 municipal or sanitary waste or sludge, industrial wastewater,
16 contaminated feedstock, slaughterhouse wastes, and residues
17 from processing of food materials that have not been deemed
18 acceptable for human consumption shall not be processed in the
19 anaerobic digester system.

20 **Sec. 18. NEW SECTION. 459C.202 Construction design standard**
21 **— anaerobic digester systems.**

22 1. The department shall adopt rules establishing
23 construction design standards for formed manure storage
24 structures that are part of an anaerobic digester system.

25 2. The construction design standards shall be based, to
26 every extent possible, upon uniform standards such as available
27 standards promulgated by the American society for testing and
28 materials international. The department may require that all
29 or part of a formed manure storage structure be constructed of
30 concrete.

31 3. The construction design standards for concrete shall
32 provide for all of the following:

33 *a.* The concrete's minimum compressive strength calculated on
34 a pounds-per-square-inch basis.

35 *b.* The use of reinforcement, including but not limited to

1 the grade, amount, and location of steel rebar, fiberglass, or
2 similar materials set in the concrete, or the use of exterior
3 braces to support joints.

4 c. The depth of footings.

5 d. The thickness of the footings, the floor, and walls.

6 4. A person shall only construct a formed manure storage
7 structure on karst terrain or an area that drains into a known
8 sinkhole pursuant to upgraded construction design standards
9 necessary to ensure that the structure does not pollute
10 groundwater sources. The construction of unformed manure
11 storage structures is prohibited on karst terrain.

12 Sec. 19. NEW SECTION. 459C.203 Distance requirements.

13 1. *Water quality related requirements.*

14 a. Except as provided in paragraph "b", the following
15 requirements shall apply to the location of an anaerobic
16 digester system manure storage structure:

17 (1) An anaerobic digester system manure storage structure
18 shall not be constructed closer than five hundred feet away
19 from the surface intake of an agricultural drainage well. An
20 anaerobic digester system manure storage structure shall not
21 be constructed closer than two thousand feet from a wellhead,
22 cistern of an agricultural drainage well, or known sinkhole.

23 (2) An anaerobic digester system manure storage structure
24 shall not be constructed if the anaerobic digester system
25 manure storage structure as constructed is closer than any of
26 the following:

27 (a) Five hundred feet away from a water source other than a
28 major water source.

29 (b) One thousand feet away from a major water source.

30 (c) Two thousand five hundred feet away from a designated
31 wetland.

32 (3) (a) A water source, other than a major water source,
33 shall not be constructed, expanded, or diverted, if the water
34 source as constructed, expanded, or diverted is closer than
35 five hundred feet away from an anaerobic digester system manure

1 storage structure.

2 (b) A major water source shall not be constructed, expanded,
3 or diverted, if the major water source as constructed,
4 expanded, or diverted is closer than one thousand feet from an
5 anaerobic digester system manure storage structure.

6 (c) A designated wetland shall not be established, if the
7 designated wetland is closer than two thousand five hundred
8 feet away from an anaerobic digester system manure storage
9 structure.

10 (4) An anaerobic digester system manure storage structure
11 shall not be constructed on land that is part of a one
12 hundred year floodplain as designated by rules adopted by the
13 department pursuant to section 459.301.

14 b. A separation distance required in paragraph "a" shall not
15 apply to any of the following:

16 (1) A location or object and a farm pond or privately owned
17 lake, as defined in section 462A.2.

18 (2) An anaerobic digester system manure storage structure
19 constructed with a secondary containment barrier. The
20 department shall adopt rules providing for the construction and
21 use of a secondary containment barrier, including construction
22 design standards.

23 2. *Air quality related requirements.*

24 a. Except as provided in paragraph "b", the following
25 requirements shall apply to the location of an anaerobic
26 digester system manure storage structure:

27 (1) An anaerobic digester system manure storage structure
28 shall not be constructed closer than three thousand feet from
29 a residence not owned by the owner of the anaerobic digester
30 system or the owner of the animal feeding operation where the
31 anaerobic digester system is located; a bona fide religious
32 institution; a public use area; a commercial enterprise; or an
33 educational institution.

34 (2) An anaerobic digester system manure storage structure
35 shall not be constructed closer than one hundred feet from a

1 public thoroughfare.

2 *b.* A separation distance required in paragraph "a" shall not
3 apply to any of the following:

4 (1) (a) An anaerobic digester system manure storage
5 structure that is constructed or expanded, if the titleholder
6 of the land benefiting from the distance separation requirement
7 executes a written waiver with the titleholder of the land
8 where the structure is located. If an anaerobic digester
9 system manure storage structure is constructed or expanded
10 within the separation distance required between an anaerobic
11 digester system manure storage structure and a public
12 thoroughfare, the state or a political subdivision constructing
13 or maintaining the public thoroughfare benefiting from the
14 distance separation requirement may execute a written waiver
15 with the titleholder of the land where the structure is
16 located.

17 (b) A written waiver under this subsection becomes
18 effective only upon the recording of the waiver in the office
19 of the recorder of the county in which the benefited land is
20 located. The filed waiver shall preclude enforcement by the
21 state as it relates to a distance requirement between the
22 anaerobic digester system manure storage structure and the
23 location or object benefiting from the separation distance
24 requirement.

25 (2) An anaerobic digester system manure storage structure
26 that is constructed or expanded within any distance from a
27 residence, educational institution, commercial enterprise, bona
28 fide religious institution, city, or public use area, if the
29 residence, educational institution, commercial enterprise, or
30 bona fide religious institution was constructed or expanded, or
31 the boundaries of the city or public use area were expanded,
32 after the date that the anaerobic digester system manure
33 storage structure was established. The date the anaerobic
34 digester system manure storage structure was established is
35 the date on which the anaerobic digester system commenced

1 operating. A change in ownership or expansion of the anaerobic
2 digester system shall not change the established date of
3 operation.

4 Sec. 20. NEW SECTION. **459C.301 Minimum requirements for**
5 **digestate control.**

6 1. An anaerobic digester system shall retain all digestate
7 produced by the operation between periods of digestate disposal
8 or delivery to animal feeding operations. For purposes of
9 this section, dry digestate may be retained by stockpiling as
10 provided in this subchapter. An anaerobic digester system
11 shall not discharge digestate directly into water of the state
12 or into a tile line that discharges directly into water of the
13 state.

14 2. Digestate from an anaerobic digester system shall be
15 disposed of in a manner that will not cause surface water or
16 groundwater pollution.

17 3. The owner of the anaerobic digester system that
18 discontinues the use of the operation shall remove all
19 digestate from related anaerobic digester system structures
20 used to store digestate within six months following the date
21 that the anaerobic digester system is discontinued.

22 Sec. 21. NEW SECTION. **459C.302 Disposal of digestate**
23 **requirements.**

24 1. If digestate is returned to an animal feeding operation
25 for land application, the material must be accounted for in the
26 animal feeding operation's manure management plan or nutrient
27 management plan.

28 2. For any portion of the digestate not returned to an
29 animal feeding operation, the owner of the anaerobic digester
30 system shall satisfy all applicable law for proper application
31 of the digestate.

32 Sec. 22. NEW SECTION. **459C.401 Stockpiling requirements.**

33 1. An anaerobic digester system may stockpile materials
34 prior to digestion or dry digestate so long as the facility
35 stockpiles the materials and dry digestate in compliance with

1 restrictions applicable to stockpiling as provided in this
2 subchapter.

3 2. Anaerobic digester system stockpiles shall not be
4 commingled with animal feeding operation stockpiles.

5 3. A person shall not stockpile the materials and dry
6 digestate within the following distances from any of the
7 following:

8 a. A terrace tile inlet or surface tile inlet, two hundred
9 feet. However, this paragraph does not apply to a person who
10 stockpiles the dry digestate in a manner that does not allow
11 precipitation-induced runoff to drain from the stockpile to the
12 terrace tile inlet or surface tile inlet. A terrace tile inlet
13 or surface tile inlet does not include a tile inlet that is not
14 directly connected to a tile line that discharges directly into
15 a water of the state.

16 b. (1) A designated area, four hundred feet. However, an
17 increased separation distance of eight hundred feet shall apply
18 to all of the following:

19 (a) A high-quality water resource.

20 (b) An agricultural drainage well.

21 (c) A known sinkhole.

22 (2) Subparagraph (1) does not apply to a person who
23 stockpiles materials or dry digestate in a manner that does not
24 allow precipitation-induced runoff to drain from the stockpile
25 to the designated area.

26 c. One thousand two hundred fifty feet from a residence
27 not owned by the owner of the anaerobic digester system or
28 the owner of the animal feeding operation where the anaerobic
29 digester system is located; a bona fide religious institution;
30 a public use area; a commercial enterprise; or an educational
31 institution.

32 4. A person shall not stockpile materials or dry digestate
33 in a grassed waterway.

34 5. A person shall not stockpile materials or dry digestate
35 on land having a slope of more than three percent. However,

1 this subsection shall not apply to a person who stockpiles
2 materials or dry digestate using methods, structures, or
3 practices that contain the stockpile, including but not limited
4 to silt fences, temporary earthen berms, or other effective
5 measures, and that prevent or diminish precipitation-induced
6 runoff from the stockpile.

7 6. A person stockpiling materials or dry digestate on
8 terrain, other than karst terrain, for more than fifteen
9 consecutive days shall comply with any of the following:

10 a. Stockpile materials or dry digestate using a qualified
11 stockpile structure or qualified stockpile cover. However, the
12 person shall not stockpile materials or dry digestate using a
13 qualified stockpile cover at a long-term stockpile location
14 unless the person stockpiles the materials or dry digestate
15 on compacted soil, compacted granular aggregates, asphalt,
16 concrete, or other similar materials.

17 b. Deliver a stockpile inspection statement to the
18 department by the fifteenth day of each month in writing, which
19 may be on a form prescribed by the department. The stockpile
20 inspection statement shall provide the location of the
21 stockpile and document the results of an inspection conducted
22 by the person during the previous month. The inspection must
23 evaluate whether precipitation-induced runoff is draining
24 away from the stockpile and, if so, describe actions taken
25 to prevent the runoff. If an inspection by the department
26 documents that precipitation-induced runoff is draining away
27 from a stockpile, the person shall immediately remove dry
28 digestate from the stockpile in compliance with this chapter
29 or comply with all directives of the department to prevent the
30 runoff.

31 7. A person stockpiling materials or dry digestate on karst
32 terrain shall comply with all of the following:

33 a. If the proposed stockpile is located in potential karst
34 terrain, a professional engineer licensed in Iowa or a staff
35 person or organization qualified through the Iowa natural

1 resource conservation service shall submit a soil report to
2 the department, based on the results from soil corings, test
3 pits, or acceptable well log data, describing the subsurface
4 materials and vertical separation distance from the proposed
5 bottom of the stockpile to the underlying limestone, dolomite,
6 or soluble rock. A minimum of two soil corings spaced equally
7 within the stockpile location or two test pits located within
8 five feet of the outside of the stockpile location are required
9 if acceptable well log data is not available. The soil
10 corings shall be taken to a minimum depth of twenty-five feet
11 below the bottom elevation of the proposed stockpile or into
12 bedrock, whichever is shallower. After the soil exploration
13 is complete, each coring or test pit shall be properly plugged
14 with concrete grout, bentonite, or similar materials and
15 completion of this activity shall be documented in the soil
16 report. If a twenty-five-foot vertical separation distance can
17 be maintained between the bottom of the proposed stockpile and
18 limestone, dolomite, or other soluble rock, then the structure
19 is not considered to be in karst terrain.

20 *b.* The person shall stockpile the dry digestate at a
21 location where there is a vertical separation distance of at
22 least five feet between the bottom of the stockpile and the
23 underlying limestone, dolomite, or other soluble rock.

24 *c.* A person who stockpiles materials or dry digestate
25 for more than fifteen consecutive days shall use any of the
26 following:

27 (1) A qualified stockpile structure.

28 (2) A qualified stockpile cover. However, the person shall
29 not stockpile materials or dry digestate using a qualified
30 stockpile cover at a long-term stockpile location unless the
31 stockpile is located on reinforced concrete at least five
32 inches thick.

33 8. A person stockpiling materials or dry digestate shall
34 comply with applicable national pollutant discharge elimination
35 system permit requirements pursuant to the federal Water

1 Pollution Control Act, 33 U.S.C. ch. 26, as amended, and 40
2 C.F.R. pts. 122 and 412.

3 9. A person stockpiling materials or dry digestate shall
4 remove the dry digestate and apply it in accordance with
5 the provisions of this chapter within six months after the
6 materials or dry digestate are first stockpiled.

7 Sec. 23. NEW SECTION. **459C.501 General enforcement.**

8 The department and the attorney general shall enforce the
9 provisions of this chapter in the same manner as provided in
10 chapter 459, subchapter VI.

11 Sec. 24. NEW SECTION. **459C.502 Violations — civil penalty.**

12 A person who violates a provision of this chapter for which
13 the alleged harm is related to air quality shall be subject
14 to the same penalty as provided in section 459.602. A person
15 who violates a provision of this chapter for which the alleged
16 harm is related to water quality shall be subject to the same
17 penalties and restrictions as provided in section 459.603. A
18 habitual violator of the provisions of this chapter shall be
19 subject to the same penalties and restrictions as provided in
20 sections 459.604 and 459.605. Any collected civil penalty
21 and interest on a civil penalty shall be credited to the Iowa
22 nutrient research fund created in section 466B.46.

23 Sec. 25. CODE EDITOR DIRECTIVE.

24 1. The Code editor shall designate sections 459C.101
25 through 459C.502, as enacted by this division of this Act, as
26 new chapter 459C, entitled "Anaerobic Digester Systems".

27 2. The Code editor shall designate sections 459C.101
28 through 459C.103, as enacted by this division of this Act,
29 as a new subchapter within chapter 459C, entitled "General
30 Provisions".

31 3. The Code editor shall designate sections 459C.201
32 through 459C.203, as enacted by this division of this Act, as
33 a new subchapter within chapter 459C, entitled "Construction
34 Provisions".

35 4. The Code editor shall designate sections 459C.301

1 through 459C.302, as enacted by this division of this Act,
2 as a new subchapter within chapter 459C, entitled "Digestate
3 Disposal".

4 5. The Code editor shall designate section 459C.401, as
5 enacted by this division of this Act, as a new subchapter
6 within chapter 459C, entitled "Stockpiling Provisions".

7 6. The Code editor shall designate sections 459C.501
8 through 459C.502, as enacted by this division of this Act, as
9 a new subchapter within chapter 459C, entitled "Enforcement
10 Provisions".

11

EXPLANATION

12 The inclusion of this explanation does not constitute agreement with
13 the explanation's substance by the members of the general assembly.

14 This bill relates to rate-regulated utilities by modifying
15 provisions relating to electric power generation, energy
16 storage, and transmission facility ratemaking principles,
17 creating tariffs for public utility innovation programs,
18 implementing land restoration standards, and modifying the
19 energy infrastructure revolving loan program.

20 Division I of the bill modifies intent language to reflect
21 an intent to attract energy storage and develop nuclear power
22 generation for consumers in the state.

23 Division I of the bill alters ratemaking principle
24 processes and modifies when a rate-regulated public utility
25 may seek ratemaking principles. In addition to electric
26 power generating facilities and alternate energy production
27 facilities, the utilities commission (commission) may specify
28 the ratemaking principles applying to an energy storage
29 facility.

30 Division I of the bill provides that a rate-regulated
31 public utility may seek ratemaking principles from the
32 commission when there are construction-related costs of an
33 electric power generating facility with a nameplate generating
34 capacity equal to or greater than 40 megawatts, an alternate
35 energy production facility, or an energy storage facility,

1 or significant alterations to an existing electric power
2 generating facility, alternate energy production facility,
3 or energy storage facility. Current law generally provides
4 that when a rate-regulated public utility files an application
5 to construct a baseload electric power generating facility
6 with a nameplate generating capacity equal to or greater than
7 300 megawatts or a combined-cycle electric power generating
8 facility or an alternate energy production facility, or to
9 significantly alter an existing generating facility or a new
10 alternate energy production facility, the commission shall
11 specify in advance the ratemaking principles that will apply.

12 Division I of the bill modifies the requirements for a
13 significant alteration of an existing generating facility
14 to qualify for the establishment of ratemaking principles.
15 Division I of the bill provides that to qualify for ratemaking
16 principles, the significant alteration can convert an electric
17 power generating facility to an alternate fuel type, add
18 carbon capture and carbon storage to an electric power
19 generating facility, add a facility to capture exhaust heat to
20 an electric power generating facility, repower an alternate
21 energy production facility, or add energy storage to an
22 existing electric power generating facility, alternate energy
23 production facility, or energy storage facility. Current
24 law provides that to qualify for ratemaking principles, the
25 significant alteration can convert a coal-fueled facility into
26 a gas-fueled facility, add carbon capture and carbon storage
27 to a coal-fueled facility, add gas-fueled capability to a
28 coal-fueled facility, add a biomass-fueled capability to a
29 coal-fueled facility, or repower an alternate energy production
30 facility.

31 Division I of the bill provides that a utility investment to
32 convert an electric power generating facility to a different
33 fuel type, add carbon capture and carbon storage to an electric
34 power generating facility, or add a fuel type to an electric
35 power generating facility shall be eligible to apply the

1 ratemaking principles established by an order issued prior to
2 construction or lease of a facility.

3 Division I of the bill provides that a rate-regulated
4 public utility may seek ratemaking principles for leasing
5 or owning a new electric power generating facility with a
6 nameplate generating capacity equal to or greater than 40
7 megawatts, a new energy storage facility, or a new alternate
8 energy production facility. Current law provides that
9 a rate-regulated public utility leasing or owning a new
10 baseload electric power generating facility with a nameplate
11 generating capacity equal to or greater than 300 megawatts,
12 a combined-cycle electric power generating facility, or a
13 new alternate energy production facility may seek ratemaking
14 principles.

15 Division I of the bill requires the commission to issue an
16 order after the contested case proceeding that the ratemaking
17 principles will apply when the costs of the electric power
18 generating facility or alternate energy production facility
19 are included in regulated electric rates once the commission
20 finds that the rate-regulated public utility's application for
21 ratemaking principles meets all the commission's requirements.

22 Division I of the bill requires a rate-regulated public
23 utility seeking ratemaking principles to provide support of
24 reasonability with an electric utility resource plan that has
25 been updated within 24 months of filing the application.

26 Division I of the bill requires the commission to adopt
27 rules for proceedings to conclude 10 months after a petition is
28 filed.

29 Division I of the bill requires rate-regulated electric
30 utilities to file a resource plan at least once every five
31 years. The resource plan must consider all reasonable
32 resources by the utility for meeting the probable future demand
33 for energy, including supply resources and conservation and
34 management of demand. For conservation and management of
35 demand, the resource plan shall include programs approved in

1 the electric utility's most recently approved energy efficiency
2 plan. The objectives of the resource plan include but are
3 not limited to adequate, cost-effective, and reliable energy
4 service considering costs, fuel diversity, and probable future
5 demand for energy, and should reflect the circumstances and
6 management judgment of the electric utility. The resource
7 plan does not require specific outcomes or specific investment
8 decisions.

9 Division I of the bill directs the commission to issue an
10 order within 90 days of the resource plan acknowledging receipt
11 of the plan. This order may provide recommendations to an
12 electric utility regarding any additional analyses or actions
13 that the electric utility should consider completing in its
14 next resource plan.

15 Division I of the bill directs the commission to adopt rules
16 regarding the timeline and stakeholder process to review and
17 provide comments on the resource plan. The stakeholder process
18 shall include the electric utility organizing and facilitating
19 a stakeholder conference with representatives of the
20 commission, the consumer advocate, and the electric utility's
21 customers. Division I of the bill directs the electric utility
22 to make a good faith effort to inform and consider input from
23 the commission, the consumer advocate, and stakeholders.

24 Division II of the bill provides that it is the intent of
25 the general assembly to encourage public utility innovation
26 in pricing and programs, and that the new innovations not
27 negatively impact nonparticipating customers. Division II
28 of the bill additionally provides that it is the intent of
29 the general assembly to attract and retain customers for the
30 benefit of the state's economy, support of economical energy
31 production, and support of sustainable energy production.

32 Division II of the bill authorizes a tariff program.
33 Division II of the bill provides that a tariff shall comply
34 with several provisions. The tariff shall be optional for
35 customers, define eligible customer groups, and assess

1 program costs to participating customers. Program costs
2 shall include specified direct costs arising from the tariff
3 program and costs related to the implementation of tariff
4 programs. Participants of a tariff program shall participate
5 in future indirect costs allocated to customers of that
6 utility without regard for the existence of an approved tariff.
7 The tariff shall not allow for an eligible customer group
8 excluding directly competing customers in the same customer
9 service territory, alter existing base rate or charges of
10 the public utility, or negatively impact nonparticipating
11 customers. Negative impacts include additional costs incurred
12 by nonparticipating customers due to costs arising from the
13 tariff, tariff participants no longer sharing in customer
14 class costs, or decreased customer benefit from existing
15 infrastructure.

16 Division II of the bill explains that a tariff may include
17 provisions relating to recovery of costs, rate of return,
18 application of the program to other specified patterns, program
19 benefits, and refunds, credits, or waivers when the program
20 replaces an existing service, or recovery of costs associated
21 with existing facilities. A participating program customer
22 shall pay the costs of the services received from the public
23 utility unless the costs are refunded, credited, or waived
24 under the program. Division II of the bill provides that
25 if the program or eligible customer group cease to exist and
26 the public utility seeks recovery of the program-specific
27 facilities through a general rate case proceeding, the public
28 utility shall demonstrate the reasonableness and prudence
29 without any presumption regarding approval of such request. A
30 public utility shall be allowed to recover program-specific
31 facilities through general rate case proceedings. If the
32 utility can demonstrate to the commission that the proposed
33 tariff generates excess revenue for the utility as compared to
34 total revenue without the tariff, the excess revenue may be
35 retained by the utility.

1 Division II of the bill provides for tariff application
2 and approval. A public utility's authority is not mandatory
3 regarding tariffs. Division II of the bill provides that an
4 application for a tariff or amendment to a tariff shall be
5 filed with the commission. The commission shall approve, deny,
6 or docket for further review an application within 30 days.
7 If the commission docket the application for further review,
8 the commission shall render a decision within 90 days from the
9 date of application filing, unless an objection is filed. The
10 commission shall not reconsider existing programs previously
11 approved under the tariff during a review of an application
12 for an amendment to a tariff unless the review of a program is
13 proposed as part of the amendment.

14 Division II of the bill prohibits the commission from
15 certain actions. Division II of the bill provides that
16 the commission shall not limit the number of applications a
17 public utility may file, deny, or condition the approval of a
18 tariff because a public utility is subject to an alternative
19 regulatory mechanism, or require a public utility subject to an
20 alternative regulatory mechanism to record revenues and costs
21 in an inconsistent manner with specified federal standards,
22 provided that the proposed tariff would not result in
23 detrimental treatment of other customers or require adjustment
24 to the calculation of the alternative regulatory mechanism to
25 reflect the impact of an approved tariff. Division II of the
26 bill prohibits the commission from conditioning approval of a
27 tariff on the requirement that the public utility change the
28 proposal to unagreed-upon terms, but this prohibition does not
29 prevent the commission from identifying changes to the proposal
30 that might result in approval.

31 Division II of the bill provides that tariffs and programs
32 approved pursuant to division II of the bill shall be
33 rebuttably presumed to be just and reasonable in general rate
34 case proceedings. Division II of the bill prohibits the
35 commission from conditioning approval or denial of a tariff

1 on the final adoption of rules and requires the commission to
2 adopt rules related to division II of the bill.

3 Division II of the bill applies to a public utility filing an
4 application with the commission for review of a tariff on or
5 after the effective date of division II of the bill.

6 Division III of the bill relates to electric transmission
7 lines and electric transmission owners. Division III of the
8 bill expounds the legislative purpose of Code section 478.16,
9 identifying Iowa consumers' urgent need for development and
10 investment in high-voltage transmission. Division III of the
11 bill provides that an incumbent electric transmission owner may
12 be formed, located, or headquartered in any state as long as
13 the electric transmission line is located in Iowa.

14 Division III of the bill defines an "incumbent electric
15 transmission owner" as an individual or entity who, as of July
16 1, 2024, owns and maintains an electric transmission line
17 in this state that is required for rate-regulated electric
18 utilities, municipal electric utilities, and rural electric
19 cooperatives in the state to provide electric service to the
20 public for compensation.

21 Under division III of the bill, an incumbent electric
22 transmission facility owner has the right to construct, own,
23 and maintain an electric transmission line that directly
24 connects to the electric transmission facility. If a proposed
25 transmission line would directly connect to facilities owned
26 by two or more facility owners, each owner has the right to
27 construct, own, and maintain the electric transmission line
28 individually and equally.

29 Division III of the bill requires an incumbent electric
30 transmission owner exercising its right to construct, own,
31 and maintain an electric transmission line to offer public
32 power utilities an opportunity to jointly own a portion of the
33 electric transmission line. The offered amount must be at
34 least the amount of the public power utility's electric load
35 divided by the total electric load in the applicable incumbent

1 electric transmission owner's pricing zone. Division III of
2 the bill does not prohibit the entities from agreeing to joint
3 ownership in a different amount. Additionally, division III of
4 the bill allows the public power utility to transfer or assign
5 its joint ownership rights to another public power utility
6 or group of public power utilities with the consent of the
7 incumbent electric transmission owner.

8 Division III of the bill allows an incumbent electric
9 transmission owner exercising its right to construct, own,
10 and maintain an electric transmission line to contract with
11 another electric transmission owner or electric public utility
12 to jointly own a portion of the electric transmission line.

13 Division III of the bill requires the incumbent electric
14 transmission owner or owners with approved electric
15 transmission lines not subject to right of first refusal
16 in a federally registered planning authority transmission
17 plan to give notice to the commission whether the owner or
18 owners intend to construct, own, and maintain the electric
19 transmission line. The notice shall be given within the later
20 of 90 days of approval for construction or 90 days after
21 enactment of division III of the bill. The commission may
22 determine whether another person may construct the electric
23 transmission line if the incumbent electric transmission owner
24 or owners give notice declining to construct or do not give
25 timely notice.

26 Division III of the bill requires incumbent electric
27 transmission owners to provide documentation to the commission
28 that shows utilization of competitively bid construction
29 contracts that meet all necessary technical, commercial, and
30 other specifications required for compliant construction.

31 Division III of the bill allows the consumer advocate free
32 access to all documents, reports, and information submitted to
33 the commission regarding cost accountability measures for the
34 construction of electric transmission lines. These documents,
35 reports, and information may be used by the consumer advocate

1 for any purpose within the scope of the consumer advocate's
2 duties. These provisions do not create a private cause of
3 action or complaint.

4 Division III of the bill directs the commission to adopt
5 rules to implement the land restoration requirements after
6 initial construction of an electric transmission line as set
7 forth in division III of the bill.

8 Division III of the bill requires incumbent electric
9 transmission owners to repair drain tiles damaged during
10 construction as soon as practicable and to complete permanent
11 repairs as soon as practicable after initial construction. The
12 permanent repairs must be of the same quality, size, and flow
13 capacity of the original drain tile.

14 Division III of the bill requires incumbent electric
15 transmission owners to remove all nonnative rocks larger
16 than three inches in diameter from the easement area. The
17 disposal of rock that cannot be used as backfill must be done
18 at a location and in a manner agreed to between the incumbent
19 electric transmission owner and the landowner.

20 Division III of the bill requires the incumbent electric
21 transmission owner to till agricultural land affected by
22 construction, including right-of-way access points or roads,
23 after electric transmission line construction activities are
24 completed on the affected property. The land must be tilled
25 at least 18 inches deep in land used for crop production and 12
26 inches deep in all other land, unless otherwise agreed to by
27 the landowner.

28 Division III of the bill requires the incumbent electric
29 transmission owner to restore soil conservation practices
30 and structures damaged during construction to their previous
31 state, compact the soil used to repair embankments intended to
32 retain water, and reestablish any vegetation disturbed during
33 construction, including cover crops.

34 Division III of the bill requires the incumbent electric
35 transmission owner to reseed the agricultural land, excluding

1 row crops and small grain production, following compaction
2 of the land. Seeding for cover crops may be delayed if
3 construction is completed too late in the year and is not
4 required if the land will be tilled the following year. When
5 the season is not suitable for the seeding of cover crops, the
6 landowner may request ground cover to prevent soil erosion.

7 Division III of the bill requires the incumbent electric
8 transmission owner to remove all field entrances and temporary
9 roads used during construction and to restore the areas to
10 their previous state following the completion of the initial
11 construction.

12 Division III of the bill requires the incumbent electric
13 transmission owner to use good practices when constructing in
14 wet conditions and to grade and till any rutted land in order
15 to restore the land to its original condition to the extent
16 practicable. Additionally, division III of the bill allows
17 the landowner to repair damage caused by construction in wet
18 conditions. The incumbent electric transmission owner shall
19 then reimburse the landowner for reasonable costs of repair.

20 Division III of the bill requires an electric transmission
21 owner to utilize mudflats, mats, or other measures to minimize
22 soil disturbance when using heavy equipment in wetlands.

23 Division III of the bill requires the incumbent electric
24 transmission owner to provide contact information to all
25 persons affected by the construction of each transmission line.

26 Division III of the bill allows the commission to appoint an
27 inspector to determine compliance with restoration standards
28 in the event the incumbent electric transmission owner and the
29 landowner dispute over potential violations. The cost of the
30 inspection shall be paid by the incumbent electric transmission
31 owner. If the inspector determines there have been violations
32 of the restoration standards, the commission will provide oral
33 and written notice to the incumbent electric transmission
34 owner. The commission will order corrective actions be taken
35 to comply with the standards. The costs of the corrective

1 actions will be borne by the electric transmission owner.

2 Division III of the bill allows the commission to issue an
3 order requiring corrective action and impose civil penalties if
4 the incumbent electric transmission owner or its contractor do
5 not comply with the required standards.

6 Division III of the bill requires the commission to instruct
7 the inspectors on the statutes, rules, and responsibilities
8 regarding restoration standards.

9 Division III of the bill requires petitioners for a
10 franchise for electric transmission construction to file a land
11 restoration plan outlining how the construction will conform
12 to the required standards. The restoration plan will also be
13 provided to all property owners affected by the construction.

14 Division III of the bill allows alternative provisions in
15 independent agreements with landowners regarding protecting or
16 restoring property as long as these provisions are in writing
17 and are provided to the commission.

18 Division III of the bill allows electric transmission
19 owners to propose alternate methods of land restoration to the
20 commission. The commission, by waiver, may allow variations
21 to the land restoration requirements if the proposed alternate
22 methods would restore the land to a condition as good or better
23 than those required by division III of the bill.

24 Division III of the bill allows the commission to waive the
25 preparation of a separate land restoration plan, in whole or in
26 part, if the incumbent electric transmission owner satisfies
27 the requirements through similar agreement with other agencies
28 in the state. The relevant agreements must be filed with the
29 commission.

30 Division III of the bill does not limit, expand, or otherwise
31 modify the rights of access and obligations for damages set
32 forth in Code section 478.17.

33 Division III of the bill takes effect upon enactment.

34 Division III of the bill applies retroactively to an
35 electric transmission line included in a federally registered

1 planning authority long-term transmission plan approved on
2 or after July 1, 2020, with the exception of the provisions
3 requiring incumbent electric transmission owners to offer
4 public power utilities the option to jointly own qualifying
5 electric transmission lines. For this exception, division III
6 of the bill applies retroactively to July 1, 2024.

7 Division IV of the bill relates to the energy infrastructure
8 revolving loan program, which is renamed as the "energy and
9 water infrastructure revolving loan program".

10 Under current law, the energy infrastructure revolving loan
11 fund (fund) and program are administered by the Iowa energy
12 center (center). Division IV of the bill instead places
13 the administrative duty with the Iowa economic development
14 authority (IEDA) and renames the fund the "energy and water
15 infrastructure revolving loan fund".

16 Division IV of the bill adds financial assistance for the
17 development and construction of water infrastructure that
18 supports economic development to the fund's approved uses,
19 including drinking water treatment systems and wastewater
20 treatment systems.

21 Division IV of the bill expands the entities eligible for
22 assistance under the fund to include a county or city.

23 Under current law, the approval of the center's governing
24 board is required before IEDA can determine the amount and
25 the terms of all financial assistance awarded to an eligible
26 borrower and all agreements and administrative authority are
27 vested in the center's governing board. Division IV of the
28 bill removes the approval requirement by the center and its
29 authority regarding agreements.

30 Division IV of the bill adds that to be eligible for
31 a financial assistance award under the energy and water
32 infrastructure revolving loan program, an eligible borrower
33 must demonstrate that the proposed project will attract and
34 encourage the location of new industrial enterprise or the
35 expansion of existing industrial enterprise. Division IV

1 of the bill states that IEDA shall determine the amount and
2 the terms of all financial assistance awarded to an eligible
3 borrower under the program and that all agreements and
4 administrative authority shall be vested in IEDA. Division
5 IV of the bill provides that IEDA may adopt rules for the
6 implementation of this program.

7 Division IV of the bill grants IEDA the ability to authorize
8 the transfer of up to \$633,000 annually to Iowa state
9 university of science and technology to be used for providing
10 financial assistance to the state load forecasting center.

11 Division V of the bill relates to anaerobic digester
12 systems. Division V of the bill states its purpose is to
13 provide requirements relating to the construction, including
14 the expansion, and operation of anaerobic digester systems and
15 the control of digestate. Division V of the bill directs the
16 environmental protection commission to make rules for this
17 stated purpose. Division V of the bill states that if the
18 provisions of new Code chapter 459C conflict with Code chapter
19 459, 459A, or 459B, the provisions of Code chapter 459C shall
20 prevail.

21 Division V of the bill directs the department of natural
22 resources (DNR) to approve applications for permits for
23 construction, including expansion, of anaerobic digester
24 systems based on procedures required in division V of the
25 bill and rules created by DNR pursuant to division V of the
26 bill. Division V of the bill prohibits the construction of
27 an anaerobic digester system, regardless of size, until the
28 construction permit has been approved. The applicant must
29 also submit a \$250 permit application fee, a written plan for
30 disposal of the digestate, and a written operation plan for an
31 anaerobic digester system.

32 Division V of the bill requires an anaerobic digester
33 system to accept only manure unless DNR otherwise approves the
34 inclusion of organic by-product, food product, or food for
35 human consumption. Nonmanure materials shall not compose more

1 than 10 percent of the total material added to an anaerobic
2 digester system.

3 Division V of the bill requires a daily record of materials
4 added to an anaerobic digester system to be kept and maintained
5 at the facility and grants DNR the authority for additional
6 testing or monitoring of the materials added to an anaerobic
7 digester system and the digestate.

8 Division V of the bill prohibits medical wastes, including
9 expired or unused antibiotics, petroleum products not designed
10 for use in manure storage facilities, pesticides, paints,
11 solvents, hazardous materials, municipal or sanitary waste
12 or sludge, industrial wastewater, contaminated feedstock,
13 slaughterhouse wastes, and residues from processing of food
14 materials that have not been deemed acceptable for human
15 consumption from being processed in an anaerobic digester
16 system.

17 Division V of the bill directs DNR to adopt rules to
18 establish construction design standards for formed manure
19 storage structures that are part of an anaerobic digester
20 system. Division V of the bill requires construction design
21 standards to be based upon uniform standards and provides
22 construction design standards for concrete.

23 Division V of the bill prohibits the construction of
24 unformed manure storage structures on karst terrain, but allows
25 the construction of a formed manure storage structure on
26 karst terrain or an area that drains into a known sinkhole if
27 upgraded construction design standards necessary to ensure that
28 the structure does not pollute groundwater sources are used.

29 Division V of the bill provides separation distance
30 requirements between an anaerobic digester system manure
31 storage structure and a surface intake of a drainage well,
32 wellhead, cistern of an agricultural well, known sinkhole,
33 water source, or wetland. Division V of the bill provides
34 exceptions for a location or object and a farm pond or
35 privately owned lake.

1 Division V of the bill prohibits construction, expansion,
2 or diversion of a water source or the designation of a
3 wetland if the action would cause an anaerobic digester system
4 manure storage structure to be in violation of the distance
5 requirements.

6 Division V of the bill prohibits an anaerobic digester
7 system manure storage structure from being constructed on land
8 that is part of a 100 year floodplain as determined by DNR.

9 Division V of the bill states there are no distance
10 requirements between a location or object and a farm pond or
11 privately owned lake. Additionally, distance requirements
12 do not apply to an anaerobic digester system manure storage
13 structure constructed with a secondary containment barrier
14 approved by DNR.

15 Division V of the bill provides separation distances between
16 an anaerobic digester system manure storage structure and a
17 residence, bona fide religious institution, public use area,
18 commercial enterprise, educational institution, or public
19 thoroughfare. Division V of the bill allows the titleholder
20 of the land benefiting from the distance requirements to waive
21 the distance requirements. Division V of the bill allows the
22 state or political subdivision to waive distance requirements
23 of public thoroughfares. The waivers must be filed with the
24 county recorder before becoming effective.

25 Division V of the bill allows an anaerobic digester
26 system manure storage structure to be within the distance
27 requirement from a residence, educational institution,
28 commercial enterprise, bona fide religious institution, city,
29 or public use area if the anaerobic digester system manure
30 storage structure was operating in conformance with distance
31 requirements, but was brought within the distance requirement
32 due to the expansion or construction of a residence,
33 educational institution, commercial enterprise, bona fide
34 religious institution, city, or public use area. A change in
35 ownership or expansion of an anaerobic digester system shall

1 not change the established date of operation.

2 Division V of the bill requires an anaerobic digester system
3 to retain all digestate produced by operation between periods
4 of digestate disposal or delivery to animal feeding operations
5 and to dispose the digestate in a manner that will not cause
6 surface water or groundwater pollution.

7 Division V of the bill requires the owner of an anaerobic
8 digester system that discontinues the use of the operation to
9 remove all digestate from related anaerobic digester system
10 structures used to store digestate within six months following
11 the date that the anaerobic digester system is discontinued.

12 Division V of the bill requires materials returned to an
13 animal feeding operation for land application be accounted for
14 in the animal feeding operation's manure management plan or
15 nutrient management plan and that the owner of the anaerobic
16 digester system must satisfy all applicable laws for proper
17 application of any portion of the digestate not returned to an
18 animal feeding operation.

19 Division V of the bill allows an anaerobic digester system to
20 stockpile materials prior to digestion or dry digestate so
21 long as the facility stockpiles the materials and dry digestate
22 in compliance with restrictions applicable to stockpiling as
23 provided in division V of the bill. Division V of the bill
24 prohibits anaerobic digester system stockpiles from commingling
25 with animal feeding operation stockpiles.

26 Division V of the bill provides separation distance
27 requirements between a stockpile and a designated area that
28 includes a known sinkhole, a cistern, an abandoned well, an
29 unplugged agricultural drainage well, an agricultural drainage
30 well surface inlet, a drinking water well, a designated
31 wetland, or a water source. Special separation distance
32 requirements are provided for a high-quality water resource, an
33 agricultural drainage well, or a known sinkhole. Division V
34 of the bill provides special separation distance requirements
35 between a stockpile and a terrace tile inlet or surface tile

1 inlet. An exception allows a stockpile to be located closer
2 than otherwise required from these water sources so long as it
3 is maintained in a manner that will not allow precipitation
4 induced runoff to drain from the material or dry digestate.
5 Division V of the bill also provides separation distance
6 requirements between a stockpile and a residence, bona fide
7 religious institution, public use area, commercial enterprise,
8 or educational institution.

9 Division V of the bill provides that a stockpile cannot be
10 located in a grassed waterway. The stockpile also cannot be
11 located on a slope of a certain grade, unless efforts are taken
12 to contain the stockpile and prevent runoff.

13 If the materials or dry digestate are not stockpiled on
14 karst terrain, division V of the bill does not provide any
15 requirements so long as the materials or dry digestate are
16 stockpiled for 15 days or less. Otherwise, division V of the
17 bill requires a person to comply with stockpiling requirements
18 or file a monthly inspection report with DNR. The special
19 stockpiling requirements include either the use of a structure
20 or the use of an impermeable cover. However, if the stockpile
21 is covered on a long-term basis, it must be sited on compacted
22 or other prepared ground.

23 Division V of the bill states that if a proposed stockpile
24 is located on potential karst terrain, a qualified person must
25 test the ground in conformance with requirements described in
26 division V of the bill and submit a soil report to confirm
27 whether the proposed stockpile location is on karst terrain.
28 If the material or dry digestate is stockpiled on karst
29 terrain, there must be a separation distance between the bottom
30 of the stockpile and the soluble rock, regardless of how long
31 the stockpile is located at that location. For material or dry
32 digestate that is stockpiled for more than 15 days, special
33 compliance requirements apply, including either the use of a
34 structure or an impermeable cover. If the stockpile is located
35 at that location on a long-term basis, it must be sited on

1 concrete.

2 Division V of the bill requires a person stockpiling
3 material or dry digestate to comply with all applicable
4 national pollutant discharge elimination system permit
5 requirements pursuant to the federal Water Pollution Control
6 Act.

7 Division V of the bill requires a person stockpiling
8 materials or dry digestate to remove the dry digestate and
9 apply it in accordance with the provisions of division V of the
10 bill within six months after the materials or dry digestate are
11 first stockpiled.

12 Division V of the bill directs DNR and the attorney general
13 to enforce Code chapter 459C in the same manner as provided in
14 Code chapter 459, subchapter VI. A person who violates the
15 provisions of division V of the bill for which the alleged harm
16 is related to air quality shall be subject to the same penalty
17 as provided in Code section 459.602. A person who violates
18 the provisions of division V of the bill for which the alleged
19 harm is related to water quality shall be subject to the same
20 penalties as provided in Code section 459.603. A habitual
21 violator of the provisions of division V of the bill shall be
22 subject to the same penalties and restrictions as provided in
23 Code sections 459.604 and 459.605. Any collected civil penalty
24 and interest on a civil penalty shall be credited to the Iowa
25 nutrient research fund created in Code section 466B.46.