



**Written Testimony in Support of the
Economic Development Appropriations Bill (SSB 1196)**

The Iowa Energy Center

The Iowa Energy Center (IEC) was created in 1990 when it was signed into law by Governor Branstad. The legislation creating the IEC states that its mission is to increase energy efficiency in all areas of Iowa energy use and serve as a model for state efforts to decrease dependence on imported fuels and to decrease reliance on energy production from nonrenewable, resource-depleting fuels.

Specifically, the IEC is charged with several tasks which include:

1. Conduct and sponsor research on energy efficiency and conservation that will improve the environmental, social, and economic well-being of Iowans;
2. Minimize the environmental impact of existing energy production and consumption, and reduce the need to add new power plants;
3. Assist Iowans in assessing technology related to energy efficiency and alternative energy production systems and shall support educational and demonstration programs that encourage implementation of energy efficiency and alternative energy production systems; and,
4. Conduct and sponsor research to develop alternative energy systems that are based upon renewable sources and that will reduce the negative environmental and economic impact of energy production systems.

Since 1990, the IEC has expanded on its mission by creating an elaborate grants program that allocates millions of dollars to Iowa colleges, universities and private nonprofit agencies and foundations through a competitive bidding process. In 2015, the IEC funded over \$2.3 million in external awards. These grants are funded through annual payments of customer money from Iowa's investor-owned utilities, municipal utilities and rural electric cooperatives.

At the same time the investor-owned electric and gas utilities, municipal utilities, and rural electric cooperatives continue to build, operate and maintain over 14 billion dollars of renewable energy. They also spend well over 100 million dollars annually on energy efficiency programs.

The Iowa Energy Plan

In 2016, Governor Branstad commissioned the development of a strategic and comprehensive Iowa Energy Plan (IEP) to ensure that Iowa meets future energy needs and creates energy economic opportunities in today's changing energy landscape. The Lieutenant Governor with support from the Iowa Economic Development Authority and in consultation with the Iowans for Economic Prosperity (IPEP) board oversaw the development of the IEP. The IEP specifically calls for:

1. Fostering long-term energy affordability and price stability for Iowa's residents and businesses;

2. Increasing the reliability, resiliency, safety and security of Iowa's energy systems and infrastructure;
3. Stimulating research and development of new and emerging energy technologies and systems;
4. Providing predictability by encouraging long-term actions, policies and initiatives;
5. Expanding opportunities for access to resources, technologies, fuels and programs throughout Iowa in a manner that results in a fair and balanced outcome for all customers;
6. Seeking diversity in the resources that supply energy to and within Iowa while preserving fair and reasonable costs for all customers;
7. Supporting alternative energy resources, technology and fuel commercialization in proven, cost-effective applications;
8. Encouraging sector-based workforce development and educational activities that build pathways to energy careers; and,
9. Promoting the protection of the environment and Iowa's natural resources

Findings of the Iowa Energy Plan regarding the Iowa Energy Center

The IEP identifies that there is overlap in what the IEC, other state agencies and the utilities are already doing to meet the goals of the IEC and the IEP. As such, the IEP recommends better coordination between the state and the IEC. The IEP recommends that existing overlaps should be identified and a path for moving forward should be determined. The IEP also states that better coordination may improve transparency at the IEC in how the utilities' customer funds are used.

Proposed changes to the Iowa Energy Center

Given the overlap in the IEC's and IEP's missions and the fact that utilities in Iowa are already building and operating significant renewable generation and energy efficiency programs, it is recommended the Iowa Code creating the IEC be amended. The proposed amendments would create better coordination and increase transparency and accountability in how utilities' customer funds are spent. The amendments would also create a mechanism by which Iowa's Governor can carry out the mission of the IEP.

The proposed amendments would:

1. Change the mission of the IEC so that the key focus areas of the IEP become the new mission, including:
 - (a) Expand the workforce and career opportunities for workers in the energy sector with a particular focus on the education and training needs.
 - (b) Fund technology-based research and development with a particular emphasis on developing new storage and delivery technologies and on forging public private partnerships to enhance the commercialization and marketing of innovative new products and business ventures.

- (c) Support rural and underserved areas and populations through opportunities for greater access to energy efficiency expertise, training, programs, and cyber security preparedness small utilities.
 - (d) Support the expansion of natural gas service in underserved areas of the state.
 - (e) Promote the research, development and commercialization of biomass technology with a particular emphasis on realizing the value-added attributes of bioenergy and bio-chemicals.
 - (f) Promote and expand the market for electric vehicles and charging infrastructure as well as compressed natural gas vehicles and fueling stations.
 - (g) Support efforts to modernize the electric grid infrastructure of the state.
2. Move the IEC to the Iowa Economic Development Authority where the overhead can be reduced and more dollars directed to programs.
 3. Create a governing board appointed by the Governor which is made up of the current members of the IEC's Advisory Council.
 4. Give the governing board control and oversight of the programs and the budget of the center.
 5. Increase transparency by following open meetings and open records laws required of state agencies.
 6. Increase accountability through annual audits required of the Iowa Economic Development Authority.

Respectfully submitted,

Iowa Association of Electric Cooperatives
Iowa Association of Municipal Utilities
Iowa Utility Association