

House Amendment 5442

Amendment Text

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1 1 Amend the amendment, [H-5174](#), to [House File 2087](#) as
1 2 follows:

1 3 #1. By striking page 1, line 2, through page 5,
1 4 line 13, and inserting the following:

1 5 "#____. By striking everything after the enacting
1 6 clause and inserting the following:

1 7 "Section 1. Section [422.51](#), Code 1995, is amended
1 8 by adding the following new subsection:

1 9 NEW SUBSECTION. 5. The taxes remitted pursuant to
1 10 this division shall be reduced by an alternate energy
1 11 purchase tax credit. An electric utility which has
1 12 purchased electricity from an alternate energy
1 13 production facility or small hydro facility pursuant
1 14 to section 476.43 shall be granted the credit. The
1 15 credit shall equal the difference between the
1 16 competitively bid rate that the utility paid for
1 17 purchase of the electricity and the rate which is
1 18 equivalent to the true economic cost attributed to
1 19 production of the electricity by the electric utility,
1 20 as established by the board pursuant to section
1 21 476.43.

1 22 Sec. 2. Section [476.1A](#), Code 1995, is amended by
1 23 adding the following new subsection:

1 24 NEW SUBSECTION. 7. Encouragement of alternate
1 25 energy production and the purchase of alternate
1 26 energy.

1 27 Sec. 3. Section [476.1A](#), unnumbered paragraph 3,
1 28 Code 1995, is amended to read as follows:

1 29 However, sections 476.20, 476.21,

~~476.41 through~~

1 30

~~476.44,~~

~~476.51, 476.56, 476.62, and 476.66 and~~

1 31 chapters 476A and 478, to the extent applicable, apply
1 32 to such electric utilities.

1 33 Sec. 4. Section [476.1B](#), subsection 1, paragraph g,
1 34 Code 1995, is amended by striking the paragraph and
1 35 inserting in lieu thereof the following:

1 36 g. Encouragement of alternate energy production
1 37 and the purchase of alternate energy.

1 38 Sec. 5. Section [476.42](#), subsection 1, paragraph a,
1 39 Code 1995, is amended to read as follows:

1 40 a. A solar, wind

~~turbine~~

~~waste management,~~

1 41

~~resource~~

~~methane recovery,~~

~~refuse derived fuel,~~

-

1 42 agricultural crops or residues, or woodburning
1 43 facility.
1 44 Sec. 6. Section [476.42](#), subsection 3, Code 1995,
1 45 is amended by striking the subsection.
1 46 Sec. 7. Section [476.42](#), Code 1995, is amended by
1 47 adding the following new subsection:
1 48 NEW SUBSECTION. 5. "Alternate energy" means
1 49 electricity derived from hydro, solar, wind, methane
1 50 recovery, agricultural crops or residues, or
2 1 woodburning energy.
2 2 Sec. 8. Section [476.43](#), subsection 1, Code 1995,
2 3 is amended to read as follows:
2 4 1. Subject to section 476.44, the board shall
2 5 require electric utilities to enter into long-term
2 6 contracts to do the following:
2 7 a. Purchase or wheel electricity from alternate
2 8 energy production facilities or small hydro facilities
2 9

~~located in the utility's service area~~

- under

~~the~~

- terms

2 10 and conditions that the board finds are just and
2 11 economically reasonable to the electric utilities'
2 12 ratepayers, are nondiscriminatory to alternate energy
2 13 producers and small hydro producers and will further
2 14 the policy stated in section 476.41.
2 15 b. Provide for the availability of supplemental or
2 16 backup power to alternate energy production facilities
2 17 or small hydro facilities on a nondiscriminatory basis
2 18 and at just and reasonable rates.
2 19 c. If the parties fail to agree on the terms of a
2 20 contract required pursuant to this section, a party
2 21 may request that the board intervene. The board shall
2 22 have sixty days from the date of the intervention
2 23 request to render a decision on the contract.
2 24 Sec. 9. Section [476.43](#), subsections 2, 3, and 4,
2 25 Code 1995, are amended by striking the subsections and
2 26 inserting in lieu thereof the following:
2 27 2. The board shall establish a uniform competitive
2 28 bidding process so that an electric utility may
2 29 acquire alternate energy at a just and economically
2 30 based market rate. An electric utility may produce
2 31 its own alternate energy by constructing and operating
2 32 an alternate energy production facility or small hydro
2 33 facility if the facility is constructed and operated
2 34 as a separate affiliate entity. However, the electric
2 35 utility shall participate in the competitive bidding
2 36 process using a third-party evaluator. A bid from an
2 37 electric utility producing its own alternate energy
2 38 shall not take into account regulated industry-based
2 39 factors including eminent domain and transmission
2 40 ownership in order to produce a lower cost bid.
2 41 3. Notwithstanding section 476.51, an electric
2 42 utility which fails to comply with the requirements of
2 43 subsection 1 shall be subject to a civil penalty,
2 44 levied by the board, in an amount that is equivalent
2 45 to three times the amount of the lowest bid filed with
2 46 the board to comply with the requirements of
2 47 subsection 1. Civil penalties collected under this
2 48 subsection shall be forwarded to the treasurer of
2 49 state to be credited to the Iowa energy center. Any
2 50 moneys allocated to the Iowa energy center pursuant to

3 1 this subsection shall be used solely for providing
3 2 grants to nonprofit agencies for alternate energy
3 3 production. These penalties shall be excluded from
3 4 the electric utility's costs when determining the
3 5 electric utility's revenue requirement, and shall not
3 6 be included either directly or indirectly in the
3 7 electric utility's rates or charges to customers.

3 8 4. Notwithstanding subsection 2, alternate energy
3 9 produced by recovery of methane at a sanitary landfill
3 10 shall be purchased at the rate existing as of January
3 11 1, 1996.

3 12 Sec. 10. Section [476.43](#), Code 1995, is amended by
3 13 adding the following new subsection:

3 14 NEW SUBSECTION. 7. An electric utility purchasing
3 15 alternate energy pursuant to this section shall be
3 16 entitled to an alternate energy purchase tax credit.
3 17 The electric utility shall reflect the tax credit
3 18 received by the utility in the utility's automatic
3 19 adjustment pursuant to section 476.6, subsection 11.
3 20 The credit shall be equal to the difference between
3 21 the rate established through the competitive bidding
3 22 process and the rate that is equivalent to the true
3 23 economic cost attributed to production of the
3 24 electricity by the electric utility, as established by
3 25 the board. The board shall establish a true economic
3 26 cost rate for purposes of the tax credit provided
3 27 under section 422.51. After January 1, 1997, this
3 28 rate shall be based upon the conclusions of an
3 29 independent study of the true economic value and cost
3 30 of energy production.

3 31 Sec. 11. Section [476.44](#), subsection 1, Code 1995,
3 32 is amended to by striking the subsection.

3 33 Sec. 12. Section [476.44](#), subsection 2, Code 1995,
3 34 is amended to read as follows:

3 35 2. a. An electric utility subject to this
3 36 division, except a utility which elects rate
3 37 regulation pursuant to section 476.1A, shall

~~not~~

~~be~~

3 38 required to purchase

~~, at any one time, more than~~

~~its~~

3 39 share of

~~one~~

~~two~~ hundred

~~five~~

~~ten~~ megawatts of power

3 40 from alternative energy production facilities or small
3 41 hydro facilities

~~at the rates~~

~~in accordance with the~~

3 42 competitive bidding process established pursuant to
3 43 section 476.43. The board shall allocate the

~~one~~

~~two~~

3 44 hundred

~~five~~

~~ten~~ megawatts based upon each utility's

3 45 percentage of the total Iowa retail peak demand, for
3 46 the year beginning January 1, 1990, of all utilities

3 47 subject to this section. If a utility undergoes
3 48 reorganization as defined in section 476.76, the board
3 49 shall combine the allocated purchases of power for
3 50 each utility involved in the reorganization.
4 1 Notwithstanding the

~~one~~

- two hundred

~~five~~

- ten

4 2 megawatt maximum, the board may increase the amount of
4 3 power that a utility is required to purchase

~~at the~~

-
4 4

~~rates established pursuant to section 476.43~~

- if the

4 5 board finds that a utility, including a reorganized
4 6 utility, exceeds its 1990 Iowa retail peak demand by
4 7 twenty percent and the additional power the utility is
4 8 required to purchase will encourage the development of
4 9 alternate energy production facilities and small hydro
4 10 facilities. The increase shall not exceed the
4 11 utility's increase in peak demand multiplied by the
4 12 ratio of the utility's share of the

~~one~~

- two hundred

4 13

~~five~~

- ten megawatt maximum to its 1990 Iowa retail peak
4 14 demand.

4 15 b. Of that portion of alternate energy required to
4 16 be purchased by a utility under this section, eighty-
4 17 five percent shall be purchased from alternate energy
4 18 production facilities or small hydro facilities
4 19 generating electricity with current and viable
4 20 technologies and fifteen percent shall be purchased
4 21 from alternate energy production facilities generating
4 22 electricity from new technologies. For purposes of
4 23 this section, new technologies include only those
4 24 technologies that use nonfossil fuel to derive
4 25 renewable energy.

4 26 Sec. 13. TRUE ECONOMIC COST AND VALUE STUDY. The
4 27 Iowa utilities board and the office of the Consumer
4 28 Advocate shall conduct an independent study of the
4 29 true economic cost of generating electricity. The
4 30 report shall be sent to the general assembly by
4 31 January 1, 1997. The study shall include an economic
4 32 analysis of electric utility rates and alternate
4 33 energy production rates. In addition to other
4 34 relevant factors, a determination of a true economic
4 35 rate shall consider the economic value of bringing the
4 36 production of energy to the state versus the value of
4 37 importing fossil fuels and the environmental impacts
4 38 associated with energy production and use. The study
4 39 shall provide a definitive statement of a true
4 40 economic rate.

4 41 Sec. 14. APPLICABILITY TO EXISTING CONTRACTS.

4 42 This Act shall not affect the terms and conditions of
4 43 any contract between an alternate energy production
4 44 facility or small hydro facility and an electric
4 45 utility that was entered into pursuant to sections

4 46 476.43 and 476.44 for purchase of alternate energy if
4 47 the contract was entered into prior to the effective
4 48 date of this Act." "
4 49 #2. By renumbering as necessary.
4 50
5 1
5 2 _____
5 3 [SHOULTZ](#) of Black Hawk
5 4 [HF 2087.7](#)04 76
5 5 js/sc