

Legislative Fiscal Bureau

Fiscal Note

HF 391- Cogeneration Power Plant Ratemaking (LSB 1619 HV)
Analyst: Russell Trimble (Phone: (515) 281-4613) (russ.trimble@legis.state.ia.us)
Fiscal Note Version — New

Description

House File 391 allows the Department of Economic Development to establish up to three pilot programs for new electric power cogeneration facilities constructed in Iowa, and specifies the requirements for the pilot programs. The Department of Economic Development is required to provide an initial report on program activities to the General Assembly by December 1, 2004, with updates provided each year thereafter until the program sunsets July 1, 2008. The proposed legislation extends ratemaking procedures currently available for other new electric generating and transmission facilities to cogeneration pilot program facilities meeting certain federal standards for energy production. House File 391 allows the utilities board and the consumer advocate to employ additional temporary staff or to contract for professional services with persons who are not State employees, as the board and the consumer advocate deem necessary to perform required functions of the proposed legislation. The proposed legislation appropriates funds in the State treasury not otherwise appropriated, as may be necessary to enable the board and the consumer advocate to hire additional staff and contract for services. The Bill further specifies the costs of the additional staff and services are to be assessed to the electric utility.

Assumptions

1. The Department of Economic Development would require no additional staff nor additional resources to establish and report on the pilot programs.
2. The Iowa Utilities Board would contract for assistance with review of cogeneration pilot programs. Each contract would cost approximately \$25,000 per year.
3. A maximum of three contracts would be required per year to assist with review of cogeneration pilot project facilities.
4. The Iowa Utilities Board would contract to help determine avoided costs associated with cogeneration pilot project facilities. Each contract would cost approximately \$13,000.
5. A maximum of two contracts would be required each year to assist in determining the avoided costs.
6. The maximum General Fund cost incurred in a given year would be approximately \$100,000.
7. The Iowa Utilities Board would pay for the cost associated with these pilot programs. The electric utility would then be billed for these costs, and the Iowa Utilities Board would deposit the revenue collected in the General Fund. The net effect to the General Fund would be zero.

Fiscal Impact

The net effect of HF 391 would result in no impact to the General Fund. House File 391 would increase General Fund expenditures by up to \$100,000 annually. This cost will be assessed to the utility proposing the cogeneration facility and will be deposited in the General Fund.

Sources

Iowa Department of Economic Development
Iowa Utilities Board

/s/ Dennis C Prouty

March 17, 2003

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.
