

# Senate File 2386 - Enrolled

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SENATE FILE 2386

## AN ACT

RELATING TO ENERGY EFFICIENCY BY ESTABLISHING A COMMISSION ON ENERGY EFFICIENCY STANDARDS AND PRACTICES, PROVIDING FOR THE REPORTING OF ENERGY EFFICIENCY RESULTS AND SAVINGS BY GAS AND ELECTRIC PUBLIC UTILITIES, SPECIFYING PROCEDURES FOR ASSESSING POTENTIAL ENERGY AND CAPACITY SAVINGS AND DEVELOPING ENERGY EFFICIENCY GOALS BY GAS AND ELECTRIC UTILITIES NOT SUBJECT TO RATE REGULATION, PROVIDING FOR THE ESTABLISHMENT OR PARTICIPATION IN A PROGRAM TO TRACK, RECORD, OR VERIFY THE TRADING OF CREDITS FOR ELECTRICITY GENERATED FROM SPECIFIED SOURCES, AND PROVIDING FOR THE ESTABLISHMENT OF AN INTERIM STUDY COMMITTEE TO CONDUCT AN EXAMINATION OF ENERGY EFFICIENCY PLANS AND PROGRAMS WITH AN EMPHASIS ON THE DEMAND OR CUSTOMER PERSPECTIVE, AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. 103A.27 COMMISSION ON ENERGY EFFICIENCY STANDARDS AND PRACTICES.

1. A commission on energy efficiency standards and practices is established within the department of public safety. The commission shall be composed of the following members:

- a. The state building code commissioner, or the commissioner's designee.
- b. The director of the office of energy independence, or the director's designee.
- c. A professional engineer licensed pursuant to chapter 542B.
- d. An architect registered pursuant to chapter 544A.
- e. Two individuals recognized in the construction industry as possessing expertise and experience in the construction or renovation of energy-efficient residential and commercial buildings.
- f. A member of a local planning and zoning commission or county board of supervisors.
- g. Three individuals representing gas and electric public utilities within this state, comprised of one individual representing rural electric cooperatives, one individual representing municipal utilities, and one individual representing investor-owned utilities.
- h. A local building official whose duties include enforcement of requirements for energy conservation in construction.
- i. Two consumers, one of whom owns and occupies a residential building in this state and one of whom owns and occupies a building used in commercial business or manufacturing.

2. The commissioner shall appoint all members to the commission other than those members designated in subsection 1, paragraphs "a" and "b". Appointment of members are subject to the requirements of sections 69.16 and 69.16A. A vacancy on the commission shall be filled for the unexpired portion of the regular term in the same manner as regular appointments are made. Members appointed by the commissioner shall be reimbursed for actual and necessary expenses incurred in performance of their duties. Such members may also be eligible to receive compensation as provided in section 7E.6. A majority of the members shall constitute a quorum.

3. Duties of the commission shall include but are not limited to the following:

- a. Evaluate energy efficiency standards applicable to existing or newly constructed residential, commercial, and industrial buildings and vertical infrastructure at the state and local level and make suggestions for their improvement and enforcement. The evaluation of energy efficiency standards shall include but not be limited to a review of the following:
  - (1) The reduction in energy usage likely to result from the adoption and enforcement of the standards.
  - (2) The effect of compliance with the standards on indoor

3 4 air quality.  
3 5 (3) The relationship of the standards to weatherization  
3 6 programs for existing housing stock and to the availability of  
3 7 affordable housing, including rental units.  
3 8 b. Develop recommendations for new energy efficiency  
3 9 standards, specifications, or guidelines applicable to newly  
3 10 constructed residential, commercial, and industrial buildings  
3 11 and vertical infrastructure.  
3 12 c. Develop recommendations for the establishment of  
3 13 incentives for energy efficiency construction projects which  
3 14 exceed currently applicable state and local building codes.  
3 15 d. Develop recommendations for adoption of a statewide  
3 16 energy efficiency building labeling or rating system for  
3 17 residential, commercial, and industrial buildings and  
3 18 complexes.  
3 19 e. Obtain input from individuals, groups, associations,  
3 20 and agencies in carrying out the duties specified in  
3 21 paragraphs "a" through "d", including but not limited to the  
3 22 Iowa league of cities regarding local building code adoption  
3 23 and enforcement in both large and small communities, the Iowa  
3 24 landlord association, the department of transportation, the  
3 25 department of public health, the division of community action  
3 26 agencies of the department of human rights regarding  
3 27 low-income residential customers, and obtain additional input  
3 28 from any other source that the commission determines  
3 29 appropriate.  
3 30 4. The commission shall be formed for the two-year period  
3 31 beginning July 1, 2008, and ending June 30, 2010, and shall  
3 32 submit a report to the governor and the general assembly by  
3 33 January 1, 2011, regarding its activities and recommendations.  
3 34 Administrative support shall be furnished by the department of  
3 35 public safety, with the assistance of the office of energy  
4 1 independence and the department of natural resources.  
4 2 Sec. 2. Section 476.1A, subsection 7, Code 2007, is  
4 3 amended to read as follows:  
4 4 7. Filing energy efficiency plans and energy efficiency  
4 5 results with the board. The energy efficiency plans as a  
4 6 whole shall be cost-effective. The board may permit these  
4 7 utilities to file joint plans. The board shall periodically  
4 8 report the energy efficiency results including energy savings  
4 9 of each of these utilities to the general assembly.  
4 10 Sec. 3. Section 476.1B, subsection 1, paragraph 1, Code  
4 11 2007, is amended to read as follows:  
4 12 1. Filing energy efficiency plans and energy efficiency  
4 13 results with the board. The energy efficiency plans as a  
4 14 whole shall be cost-effective. The board may permit these  
4 15 utilities to file joint plans. The board shall periodically  
4 16 report the energy efficiency results including energy savings  
4 17 of each of these utilities to the general assembly.  
4 18 Sec. 4. Section 476.6, subsection 16, paragraph b, Code  
4 19 Supplement 2007, is amended to read as follows:  
4 20 b. A gas and electric utility required to be  
4 21 rate-regulated under this chapter shall assess potential  
4 22 energy and capacity savings available from actual and  
4 23 projected customer usage by applying commercially available  
4 24 technology and improved operating practices to energy-using  
4 25 equipment and buildings. The utility shall submit the  
4 26 assessment to the board. Upon receipt of the assessment, the  
4 27 board shall consult with the department of natural resources  
4 28 to develop specific capacity and energy savings performance  
4 29 standards for each utility. The utility shall submit an  
4 30 energy efficiency plan which shall include economically  
4 31 achievable programs designed to attain these energy and  
4 32 capacity performance standards. The board shall periodically  
4 33 report the energy efficiency results including energy savings  
4 34 of each utility to the general assembly.  
4 35 Sec. 5. Section 476.6, subsection 16, Code Supplement  
5 1 2007, is amended by adding the following new paragraphs:  
5 2 NEW PARAGRAPH. bb. (1) Gas and electric utilities that  
5 3 are not required to be rate-regulated under this chapter shall  
5 4 assess maximum potential energy and capacity savings available  
5 5 from actual and projected customer usage through  
5 6 cost-effective energy efficiency measures and programs, taking  
5 7 into consideration the utility service area's historic energy  
5 8 load, projected demand, customer base, and other relevant  
5 9 factors. Each utility shall establish an energy efficiency  
5 10 goal based upon this assessment of potential and shall  
5 11 establish cost-effective energy efficiency programs designed  
5 12 to meet the energy efficiency goal. Separate goals may be  
5 13 established for various customer groupings.  
5 14 (2) Energy efficiency programs shall include efficiency

5 15 improvements to a utility infrastructure and system and  
5 16 activities conducted by a utility intended to enable or  
5 17 encourage customers to increase the amount of heat, light,  
5 18 cooling, motive power, or other forms of work performed per  
5 19 unit of energy used. In the case of a municipal utility, for  
5 20 purposes of this paragraph, other utilities and departments of  
5 21 the municipal utility shall be considered customers to the  
5 22 same extent that such utilities and departments would be  
5 23 considered customers if served by an electric or gas utility  
5 24 that is not a municipal utility. Energy efficiency programs  
5 25 include activities which lessen the amount of heating,  
5 26 cooling, or other forms of work which must be performed,  
5 27 including but not limited to energy studies or audits, general  
5 28 information, financial assistance, direct rebates to customers  
5 29 or vendors of energy-efficient products, research projects,  
5 30 direct installation by the utility of energy-efficient  
5 31 equipment, direct and indirect load control, time-of-use  
5 32 rates, tree planting programs, educational programs, and hot  
5 33 water insulation distribution programs.

5 34 (3) Each utility shall commence the process of determining  
5 35 its cost-effective energy efficiency goal on or before July 1,  
6 1 2008, shall provide a progress report to the board on or  
6 2 before January 1, 2009, and complete the process and submit a  
6 3 final report to the board on or before January 1, 2010. The  
6 4 report shall include the utility's cost-effective energy  
6 5 efficiency goal, and for each measure utilized by the utility  
6 6 in meeting the goal, the measure's description, projected  
6 7 costs, and the analysis of its cost-effectiveness. Each  
6 8 utility or group of utilities shall evaluate  
6 9 cost-effectiveness using the cost-effectiveness tests in  
6 10 accordance with section 476.6, subsection 14. Individual  
6 11 utilities or groups of utilities may collaborate in conducting  
6 12 the studies required hereunder and may file a joint report or  
6 13 reports with the board. However, the board may require  
6 14 individual information from any utility, even if it  
6 15 participates in a joint report.

6 16 (4) On January 1 of each even-numbered year, commencing  
6 17 January 1, 2012, gas and electric utilities that are not  
6 18 required to be rate-regulated shall file a report with the  
6 19 board identifying their progress in meeting the energy  
6 20 efficiency goal and any updates or amendments to their energy  
6 21 efficiency plans and goals. Filings made pursuant to this  
6 22 paragraph "bb" shall be deemed to meet the filing requirements  
6 23 of section 476.1A, subsection 7, and section 476.1B,  
6 24 subsection 1, paragraph "l".

6 25 NEW PARAGRAPH. bbb. (1) The board shall evaluate the  
6 26 reports required to be filed pursuant to paragraph "b" by gas  
6 27 and electric utilities required to be rate-regulated, and  
6 28 shall submit a report summarizing the evaluation to the  
6 29 general assembly on or before January 1, 2009.

6 30 (2) The board shall evaluate the reports required to be  
6 31 filed pursuant to paragraph "bb" by gas and electric utilities  
6 32 that are not required to be rate-regulated, and shall submit a  
6 33 report summarizing the evaluation to the general assembly on  
6 34 or before January 1, 2011.

6 35 (3) The reports submitted by the board to the general  
7 1 assembly pursuant to this paragraph "bbb" shall include the  
7 2 goals established by each of the utilities. The reports shall  
7 3 also include the projected costs of achieving the goals,  
7 4 potential rate impacts, and a description of the programs  
7 5 offered and proposed by each utility or group of utilities,  
7 6 and may take into account differences in system  
7 7 characteristics, including but not limited to sales to various  
7 8 customer classes, age of facilities of new large customers,  
7 9 and heating fuel type. The reports may contain  
7 10 recommendations concerning the achievability of certain  
7 11 intermediate and long-term energy efficiency goals based upon  
7 12 the results of the assessments submitted by the utilities.

7 13 Sec. 6. NEW SECTION. 476.44A TRADING OF CREDITS.

7 14 The board may establish or participate in a program to  
7 15 track, record, and verify the trading of credits for  
7 16 electricity generated from alternative energy production  
7 17 facilities or renewable energy sources among electric  
7 18 generators, utilities, and other interested entities, within  
7 19 this state and with similar entities in other states.

7 20 Sec. 7. RENEWABLE ENERGY GENERATION == COST-EFFECTIVE  
7 21 POTENTIAL STUDY. The Iowa utility association, in  
7 22 consultation with the Iowa association of electric  
7 23 cooperatives and the Iowa association of municipal utilities,  
7 24 shall conduct a technical study of the potential for achieving  
7 25 or engaging in renewable energy generation on a cost-effective

7 26 basis by 2025. The study shall be transmitted to the office  
7 27 of energy independence by December 1, 2008, to be submitted  
7 28 with the energy independence plan required to be submitted by  
7 29 the office to the governor and the general assembly by  
7 30 December 14, 2008.

7 31 Sec. 8. ENERGY EFFICIENCY INTERIM STUDY COMMITTEE ==  
7 32 CONSUMER FOCUS == REQUEST TO ESTABLISH. The legislative  
7 33 council is requested to establish an interim study committee  
7 34 to examine the existence and effectiveness of energy  
7 35 efficiency plans and programs implemented by gas and electric  
8 1 public utilities, with an emphasis on results achieved by  
8 2 current plans and programs from the demand, or customer,  
8 3 perspective, and to make recommendations for additional  
8 4 requirements applicable to energy efficiency plans and  
8 5 programs that would improve such results. In conducting the  
8 6 study and developing recommendations, the committee shall  
8 7 consider testimony from the Iowa utilities board, rate and  
8 8 nonrate-regulated gas and electric utilities, the consumer  
8 9 advocate, state agencies involved with energy efficiency  
8 10 program administration, environmental groups and associations,  
8 11 and consumers. The committee shall be composed of ten  
8 12 members, representing both political parties and both houses  
8 13 of the general assembly. Five members shall be members of the  
8 14 senate, three of whom shall be appointed by the majority  
8 15 leader of the senate and two of whom shall be appointed by the  
8 16 minority leader of the senate. The other five members shall  
8 17 be members of the house of representatives, three of whom  
8 18 shall be appointed by the speaker of the house of  
8 19 representatives, and two of whom shall be appointed by the  
8 20 minority leader of the house of representatives. The  
8 21 committee shall issue a report of its recommendations to the  
8 22 general assembly by January 15, 2009.

8 23 Sec. 9. EFFECTIVE DATE. This Act, being deemed of  
8 24 immediate importance, takes effect upon enactment.

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8 28 JOHN P. KIBBIE  
8 29 President of the Senate

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8 33 PATRICK J. MURPHY  
8 34 Speaker of the House

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MICHAEL E. MARSHALL  
Secretary of the Senate

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I hereby certify that this bill originated in the Senate and  
is known as Senate File 2386, Eighty-second General Assembly.

Approved \_\_\_\_\_, 2008

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CHESTER J. CULVER  
Governor