

# House Study Bill 630

## Conference Committee Text

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1 1 Section 1. Section 476.1, unnumbered paragraph 7, Code  
1 2 1995, is amended to read as follows:  
1 3 The jurisdiction of the board under this chapter shall  
1 4 include

~~programs~~

~~efforts~~ designed to promote the use of energy  
1 5 efficiency strategies by rate or service-regulated gas and  
1 6 electric utilities.

~~These programs shall be cost effective.~~

1 7

~~The board may initiate these programs as pilot projects to~~

1 8

~~accumulate sufficient data to determine if the programs meet~~

1 9

~~the requirements of this paragraph.~~

1 10 Sec. 2. Section [476.1A](#), subsections 5 and 6, Code 1995,  
1 11 are amended to read as follows:

1 12 5. Assessment of fees for the support of the Iowa energy  
1 13 center created in section 266.39C and the center for global  
1 14

~~warming~~

~~and regional environmental research~~ established by the  
1 15 state board of regents.

1 16 6. Filing energy efficiency plans and energy efficiency  
1 17 results with the board. The energy efficiency plans as a  
1 18 whole shall be cost-effective. The board may permit these  
1 19 utilities to file joint plans.

1 20 Sec. 3. Section [476.1A](#), unnumbered paragraph 2, Code 1995,  
1 21 is amended to read as follows:

1 22 The board may waive all or part of the energy efficiency  
1 23 filing and review requirements for electric cooperative  
1 24 corporations and associations and electric public utilities  
1 25 which demonstrate superior results with existing energy  
1 26 efficiency

~~programs~~

~~efforts.~~

1 27 Sec. 4. Section [476.1B](#), subsection 1, paragraphs k and l,  
1 28 Code 1995, are amended to read as follows:

1 29 k. Assessment of fees for the support of the Iowa energy  
1 30 center created in section 266.39C and the

~~global warming~~

1 31 center for global and regional environmental research created  
1 32 by the state board of regents.

1 33 1. Filing energy efficiency plans and energy efficiency  
1 34 results with the board. The energy efficiency plans as a  
1 35 whole shall be cost-effective. The board may permit these  
2 1 utilities to file joint plans.  
2 2 Sec. 5. Section [476.1B](#), subsection 2, Code 1995, is  
2 3 amended to read as follows:  
2 4 2. The board may waive all or part of the energy  
2 5 efficiency filing and review requirements for municipally  
2 6 owned utilities which demonstrate superior results with  
2 7 existing energy efficiency

~~programs~~  
~~efforts.~~

2 8 Sec. 6. Section [476.1C](#), subsection 1, unnumbered paragraph  
2 9 2, Code 1995, is amended to read as follows:  
2 10 Gas public utilities having fewer than two thousand  
2 11 customers shall be subject to the assessment of fees for the  
2 12 support of the Iowa energy center created in section 266.39C  
2 13 and the

~~global warming~~

~~center for global and regional~~

2 14 environmental research created by the state board of regents  
2 15 and shall file energy efficiency plans and energy efficiency  
2 16 results with the board. The energy efficiency plans as a  
2 17 whole shall be cost-effective. The board may waive all or  
2 18 part of the energy efficiency filing requirements if the gas  
2 19 utility demonstrates superior results with existing energy  
2 20 efficiency

~~programs~~

~~efforts.~~

2 21 Sec. 7. Section [476.2](#), subsections 5, 6, and 7, Code 1995,  
2 22 are amended by striking the subsections.

2 23 Sec. 8. Section [476.6](#), subsection 17, Code 1995, is  
2 24 amended by striking the subsection and inserting in lieu  
2 25 thereof the following:

2 26 17. ENERGY EFFICIENCY PLANS. Electric and gas public  
2 27 utilities shall offer energy efficiency programs and services  
2 28 to their customers through energy efficiency plans. An energy  
2 29 efficiency plan as a whole shall be cost-effective. Energy  
2 30 efficiency programs for qualified low-income persons and for  
2 31 tree planting programs need not be cost-effective and shall  
2 32 not be considered in determining cost-effectiveness of plans  
2 33 as a whole. The energy efficiency programs and services in  
2 34 the plans may be provided by the utility or by a contractor or  
2 35 agent of the utility.

3 1 Sec. 9. Section [476.6](#), subsection 19, paragraphs a through  
3 2 f, Code 1995, are amended by striking the paragraphs and  
3 3 inserting in lieu thereof the following:

3 4 a. Rate-regulated gas and electric utilities shall file  
3 5 energy efficiency plans with the board. An energy efficiency  
3 6 plan and budget shall include a range of programs, tailored to  
3 7 the needs of customers for energy efficiency opportunities.  
3 8 The plans shall include programs for qualified low-income  
3 9 persons.

3 10 b. An energy efficiency plan shall assess potential energy  
3 11 and capacity savings available from actual and projected  
3 12 customer usage by applying commercially available technology  
3 13 and improved operating practices to energy-using equipment and  
3 14 buildings. The plan shall include economically achievable  
3 15 programs designed to attain these potential energy and  
3 16 capacity savings.

3 17 c. The board shall conduct contested case proceedings for  
3 18 review of energy efficiency plans and budgets filed by rate-  
3 19 regulated gas or electric utilities. The board may approve,  
3 20 reject, or modify the plans and budgets. Notwithstanding the

3 21 provisions of section 17A.19, subsection 5, in an application  
3 22 for judicial review of the board's decision concerning a  
3 23 utility's energy efficiency plan or budget, the reviewing  
3 24 court shall not order a stay. Whenever a request to modify an  
3 25 approved plan or budget is filed subsequently by the office of  
3 26 consumer advocate or a rate-regulated gas or electric utility,  
3 27 the board shall promptly initiate a formal proceeding if the  
3 28 board determines that any reasonable ground exists for  
3 29 investigating the request. The formal proceeding may be  
3 30 initiated at any time by the board on its own motion.  
3 31 Implementation of board approved plans or budgets shall be  
3 32 considered continuous in nature and shall be subject to  
3 33 investigation at any time by the board or the office of the  
3 34 consumer advocate.

3 35 d. Notice to customers of a contested case proceeding for  
4 1 review of energy efficiency plans and budgets shall be in a  
4 2 manner prescribed by the board.

4 3 e. A gas or electric rate-regulated public utility may  
4 4 recover, through an automatic adjustment mechanism filed  
4 5 pursuant to subsection 11, over a period not to exceed the  
4 6 term of the plan, the costs of an energy efficiency plan  
4 7 approved by the board, including amounts for a plan approved  
4 8 prior to July 1, 1996, in a contested case proceeding  
4 9 conducted pursuant to paragraph "c". The board may  
4 10 periodically conduct a contested case proceeding to evaluate  
4 11 the reasonableness and prudence of the utility's  
4 12 implementation of an approved energy efficiency plan and  
4 13 budget. If a utility is not taking all reasonable actions to  
4 14 cost-effectively implement an approved energy efficiency plan,  
4 15 the board shall not allow the utility to recover from  
4 16 customers costs in excess of those costs that would be  
4 17 incurred under reasonable and prudent implementation. The  
4 18 utility shall not represent energy efficiency in customer  
4 19 billings as a separate cost or expense unless the board  
4 20 otherwise approves.

4 21 Sec. 10. Section [476.6](#), subsection 21, Code 1995, is  
4 22 amended to read as follows:

4 23 21. ENERGY EFFICIENCY PROGRAM FINANCING. The board may  
4 24 require each rate-regulated gas or electric public utility to  
4 25 offer qualified customers the opportunity to enter into an  
4 26 agreement with the utility, or a contractor or agent of the  
4 27 utility, for the amount of moneys reasonably necessary to  
4 28 finance cost-effective energy efficiency improvements to the  
4 29 qualified customers' residential dwellings or businesses.

4 30 Sec. 11. Section [476.10A](#), Code 1995, is amended to read as  
4 31 follows:

4 32 476.10A FUNDING FOR IOWA ENERGY CENTER AND

~~GLOBAL WARMING~~

4 33 CENTER FOR GLOBAL AND REGIONAL ENVIRONMENTAL RESEARCH.

4 34 1. The board shall direct all gas and electric utilities  
4 35 to remit to the treasurer of state

~~one-tenth of one percent~~

5 1 the following:

5 2 a. Through June 30, 1997, one-tenth of one percent of the  
5 3 total gross operating revenues during the last calendar year  
5 4 derived from

~~their~~

~~the utility's intrastate public utility~~  
5 5 operations.

~~The board shall by rule provide a schedule for~~

~~remittances which shall require that the first remittance be~~

~~made not before July 1, 1991.~~

5 8 b. From July 1, 1997, through June 30, 2000, eighty-five  
5 9 one-thousandths of one percent of the total gross operating  
5 10 revenues during the last calendar year derived from the  
5 11 utility's intrastate public utility operations.

5 12 2. The amounts collected pursuant to this section shall be  
5 13 in addition to the amounts permitted to be assessed pursuant  
5 14 to section 476.10. The board shall allow inclusion of these  
5 15 amounts in the budgets approved by the board pursuant to  
5 16 section 476.6, subsection 19, paragraph

~~"a"~~  
~~"c".~~

~~Eighty five~~

5 17 3. a. Of the amounts collected under this section, for  
5 18 the fiscal year beginning July 1, 1996, and ending June 30,  
5 19 1997, eighty-five percent

~~of the remittances collected~~

~~pursuant to this section~~  
- is appropriated to the Iowa energy  
5 21 center created in section 266.39C

~~Fifteen~~  
~~, and fifteen~~  
5 22 percent

~~of the remittances collected pursuant to this section~~

5 23 is appropriated to the center for global

~~warming~~  
~~and regional~~

5 24 environmental research established by the state board of  
5 25 regents.

5 26 b. Of the amounts collected under this section from July  
5 27 1, 1997, through June 30, 2000, one hundred percent is  
5 28 appropriated each fiscal year to the Iowa energy center.

5 29 4. The center for global and regional environmental  
5 30 research shall submit a report to the general assembly and the  
5 31 governor by January 1, 1997, which describes the center's  
5 32 activities and the results that the center has accomplished.  
5 33 The Iowa energy center shall submit a report to the general  
5 34 assembly and the governor by January 1, 2000, which describes  
5 35 the center's activities and the results that the center has  
6 1 accomplished.

6 2 5. Notwithstanding section 8.33, any unexpended moneys  
6 3 remitted to the treasurer of state under this section shall be  
6 4 retained for the purposes designated. Notwithstanding section  
6 5 12C.7, subsection 2, interest or earnings on investments or  
6 6 time deposits of the moneys remitted under this section shall  
6 7 be retained and used for the purposes designated.

6 8 Sec. 12. Section 476A.6, subsections 4 and 5, Code 1995,  
6 9 are amended by striking the subsections and inserting in lieu  
6 10 thereof the following:

6 11 4. The applicant, if a public utility as defined in  
6 12 section 476.1, has in effect an energy efficiency plan  
6 13 designed to reduce peak loads and to increase efficiency of  
6 14 use of energy, and the facility in the application is  
6 15 necessary notwithstanding the existence of the energy  
6 16 efficiency plan. As used in this subsection, "energy  
6 17 efficiency plan" includes at a minimum, cost-effective energy  
6 18 efficiency services and programs, including cost-effective  
6 19 load management and interruptible service programs.

6 20 5. The applicant, if a public utility as defined in  
6 21 section 476.1, shall demonstrate to the board that the utility  
6 22 has considered sources for long-term electric supply from  
6 23 either purchase of electricity or investment in facilities  
6 24 owned by other persons, including consideration of the  
6 25 following:

6 26 a. Wheeling agreements and other energy or capacity-  
6 27 sharing agreements, where cost-effective, with other sources  
6 28 that have available energy or capacity.

6 29 b. Establishment of renewable energy programs or purchase  
6 30 of electricity from renewable energy suppliers.

6 31 Sec. 13. Section [476.65](#), Code 1995, is repealed.

6 32 EXPLANATION

6 33 This bill makes several changes regarding energy efficiency  
6 34 programs and requirements. It changes "energy efficiency  
6 35 programs" to "energy efficiency efforts", and requires that  
7 1 the energy efficiency plans submitted by rural electric  
7 2 cooperatives, municipal utilities, and certain gas utilities  
7 3 be cost-effective, as a whole, except for low-income programs  
7 4 and tree planting programs.

7 5 The bill strikes the requirement that an electric rate-  
7 6 regulated utility expend at least two percent and a gas rate-  
7 7 regulated utility expend at least one and one-half percent of  
7 8 gross operating revenues on implementation of the energy  
7 9 efficiency plan and budget, that the energy efficiency plan  
7 10 include specified programs and services, that a utility can be  
7 11 assessed a reward or a penalty based on energy efficiency  
7 12 performance, that a legislative interim committee be  
7 13 established in 1996 to review energy efficiency programs. The  
7 14 bill amends a provision allowing the board to require a  
7 15 utility to offer customers the opportunity to finance energy  
7 16 efficiency improvements.

7 17 Instead, the bill requires that rate-regulated gas and  
7 18 electric utilities file an energy efficiency plan and budget  
7 19 with the board. The energy efficiency plan must include a  
7 20 range of programs tailored to the needs of the customer, and  
7 21 must include programs for low-income persons. The plan must  
7 22 assess potential energy and capacity savings by applying  
7 23 commercially available technology and improved operating  
7 24 practices to energy-using buildings and equipment and must  
7 25 include economically achievable programs designed to attain  
7 26 potential energy and capacity savings.

7 27 The bill allows a gas or electric rate-regulated utility to  
7 28 automatically adjust rates over the time period of the energy  
7 29 efficiency plan if the plan was approved by the Iowa utilities  
7 30 board in a contested case proceeding and the schedule showing  
7 31 the automatic adjustment of rates and charges is first filed  
7 32 with the board. The bill provides that if a utility is not  
7 33 taking all reasonable actions to cost-effectively implement an  
7 34 approved energy efficiency plan, the board will not allow the  
7 35 recovery of costs in excess of those that would have been  
8 1 incurred under reasonable and prudent implementation. The  
8 2 bill provides that a utility cannot list energy efficiency as  
8 3 a separate cost or expense in customer billings unless the  
8 4 board otherwise approves.

8 5 The bill changes funding for the Iowa energy center and the  
8 6 center for global and regional environmental research from  
8 7 one-tenth of one percent to eighty-five-one-thousandths of one

8 8 percent of a utility's total gross operating revenues derived  
8 9 from intrastate operations beginning July 1, 1997. In  
8 10 addition, the bill stops funding for the center for global and  
8 11 regional environmental research on June 30, 1997. The bill  
8 12 requires both centers to provide a report to the governor and  
8 13 the general assembly which describes their operations and the  
8 14 results that have been accomplished.

8 15 The bill strikes a requirement that a utility seeking a  
8 16 certificate allowing construction of a new generating plant  
8 17 have a comprehensive energy management program and instead  
8 18 requires that an energy efficiency plan be in effect in  
8 19 addition to the requirement that a utility consider sources  
8 20 for long-term electricity supply from either purchase of  
8 21 electricity or investment in facilities owned by another  
8 22 person. The bill requires that the utility consider wheeling  
8 23 agreements and other energy or capacity-sharing agreements and  
8 24 the establishment of an alternate energy program or the  
8 25 purchase of alternate energy.

8 26 Finally, the bill repeals section 476.65 relating to energy  
8 27 audits.

8 28 LSB 4299HC 76

8 29 js/jj/8