

2-8-95 Nat. Res.

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SENATE FILE **265**

BY GRONSTAL, DELUHERY, LUNDBY,
and REDFERN

(COMPANION TO LSB 2308HH
BY LARSON)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the electricity purchase or wheeling
2 requirements for alternate energy production and small hydro
3 facilities and providing an effective date.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 265

1 Section 1. Section 476.1A, unnumbered paragraph 3, Code
2 1995, is amended to read as follows:

3 However, sections 476.20, 476.21, ~~476.41 through 476.44~~
4 476.42, 476.43, 476.51, 476.56, 476.62, and 476.66 and
5 chapters 476A and 478, to the extent applicable, apply to such
6 electric utilities.

7 Sec. 2. Section 476.1B, subsection 1, paragraph g, Code
8 1995, is amended to read as follows:

9 g. Encouragement of alternate energy production
10 facilities, as set forth in sections ~~476.41 through~~ 476.42,
11 476.43, and 476.45.

12 Sec. 3. Section 476.42, subsection 3, Code 1995, is
13 amended by striking the subsection.

14 Sec. 4. Section 476.43, subsections 1 and 2, Code 1995,
15 are amended by striking the subsections and inserting in lieu
16 thereof the following:

17 1. The board shall require electric utilities to enter
18 into long-term contracts to purchase electric energy from
19 alternate energy production facilities or small hydro
20 facilities.

21 2. The rates for purchases under this section shall not
22 exceed the incremental costs to the electric utility of
23 alternative electric energy. For purposes of this section,
24 "incremental cost" means the cost to the electric utility of
25 the electric energy which, but for the purchase from the
26 alternate energy production facility or small hydro facility,
27 the electric utility would have generated or purchased from
28 another source.

29 Sec. 5. Sections 476.41 and 476.44, Code 1995, are
30 repealed.

31 Sec. 6. Notwithstanding the repeal of sections 476.41 and
32 476.44, and the amendment of section 476.43, the Iowa
33 utilities board shall continue to allow, until the termination
34 of contracts between an electric utility and an alternate
35 energy production facility or a small hydro facility in effect

1 on the effective date of this Act, the recovery of costs
2 incurred.

3 Sec. 7. This Act, being deemed of immediate importance,
4 takes effect upon enactment.

5 EXPLANATION

6 This bill strikes the existing procedure for determining
7 rates for purchase of alternate energy and replaces it with
8 similar provisions which are used for determining rates for
9 non-rate-regulated electric utilities under federal law. The
10 bill directs the utilities board that the rates for purchase
11 of alternate energy cannot exceed the incremental costs to the
12 electric utility of alternative electric energy. For purposes
13 of this section, "incremental cost" means the cost to the
14 electric utility of the electric energy which, but for the
15 purchase from the alternate energy production facility or
16 small hydro facility, the utility would generate or purchase
17 from another source.

18 In addition the bill repeals section 476.41 which declares
19 that it is the policy of the state to encourage development of
20 alternate energy production facilities and small hydro
21 facilities. It also repeals section 476.44 which requires
22 that investor-owned electric utilities must purchase shares of
23 105 megawatts of power from an alternate energy production
24 facility or a small hydro facility.

25 The bill directs the utilities board to continue to allow
26 the recovery of costs incurred until contracts are terminated
27 between an electric utility and an alternate energy production
28 facility or small hydro facility.

29 The bill is effective upon enactment.

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