

# House File 2656 - Introduced

HOUSE FILE \_\_\_\_\_  
BY COMMITTEE ON ENVIRONMENTAL  
PROTECTION

(SUCCESSOR TO HSB 742)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to energy efficiency by establishing specified  
2 standards and goals relating to energy production and  
3 utilization, and establishing a commission on energy  
4 efficiency standards and practices.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
6 TL5B 5711HV 82  
7 rn/rj/14

PAG LIN

1 1 Section 1. NEW SECTION. 103A.27 COMMISSION ON ENERGY  
1 2 EFFICIENCY STANDARDS AND PRACTICES.  
1 3 1. A commission on energy efficiency standards and  
1 4 practices is established within the department of public  
1 5 safety. The commission shall be composed of the following  
1 6 members:  
1 7 a. The state building code commissioner, or the  
1 8 commissioner's designee.  
1 9 b. The director of the office of energy independence, or  
1 10 the director's designee.  
1 11 c. A professional engineer licensed pursuant to chapter  
1 12 542B.  
1 13 d. An architect registered pursuant to chapter 544A.  
1 14 e. Two individuals recognized in the construction industry  
1 15 as possessing expertise and experience in the construction or  
1 16 renovation of energy-efficient residential and commercial  
1 17 buildings.  
1 18 f. A member of a local planning and zoning commission or  
1 19 county board of supervisors.  
1 20 g. Three individuals representing gas and electric public  
1 21 utilities within this state.  
1 22 h. A local building official whose duties include  
1 23 enforcement of requirements for energy conservation in  
1 24 construction.  
1 25 i. Two consumers, one of whom owns and occupies a  
1 26 residential building in this state and one of whom owns and  
1 27 occupies a building used in commercial business or  
1 28 manufacturing.  
1 29 2. The commissioner shall appoint all members to the  
1 30 commission other than those members designated in subsection  
1 31 1, paragraphs "a" and "b". Appointment of members are subject  
1 32 to the requirements of sections 69.16 and 69.16A. A vacancy  
1 33 on the commission shall be filled for the unexpired portion of  
1 34 the regular term in the same manner as regular appointments  
1 35 are made. Members appointed by the commissioner shall be  
2 1 reimbursed for actual and necessary expenses incurred in  
2 2 performance of their duties. Such members may also be  
2 3 eligible to receive compensation as provided in section 7E.6.  
2 4 A majority of the members shall constitute a quorum.  
2 5 3. Duties of the commission shall include but are not  
2 6 limited to the following:  
2 7 a. Evaluate energy efficiency standards applicable to  
2 8 existing or newly constructed residential, commercial, and  
2 9 industrial buildings and vertical infrastructure at the state  
2 10 and local level and make suggestions for their improvement and  
2 11 enforcement. The evaluation of energy efficiency standards  
2 12 shall include but not be limited to a review of the following:  
2 13 (1) The reduction in energy usage likely to result from  
2 14 the adoption and enforcement of the standards.  
2 15 (2) The effect of compliance with the standards on indoor

2 16 air quality.  
2 17 (3) The relationship of the standards to weatherization  
2 18 programs for existing housing stock and to the availability of  
2 19 affordable housing, including rental units.

2 20 b. Develop recommendations for new energy efficiency  
2 21 standards, specifications, or guidelines applicable to newly  
2 22 constructed residential, commercial, and industrial buildings  
2 23 and vertical infrastructure.

2 24 c. Develop recommendations for the establishment of  
2 25 incentives for energy efficiency construction projects which  
2 26 exceed currently applicable state and local building codes.

2 27 d. Develop recommendations for adoption of a statewide  
2 28 energy efficiency building labeling or rating system for  
2 29 residential, commercial, and industrial buildings and  
2 30 complexes.

2 31 e. Obtain input from individuals, groups, associations,  
2 32 and agencies in carrying out the duties specified in  
2 33 paragraphs "a" through "d", including but not limited to the  
2 34 Iowa league of cities regarding local building code adoption  
2 35 and enforcement in both large and small communities, the Iowa  
3 1 landlord association, the department of transportation, the  
3 2 department of public health, the division of community action  
3 3 agencies of the department of human rights regarding  
3 4 low-income residential customers, and obtain additional input  
3 5 from any other source that the commission determines  
3 6 appropriate.

3 7 4. The commission shall be formed for the two-year period  
3 8 beginning July 1, 2008, and ending June 30, 2010, and shall  
3 9 submit a report to the governor and the general assembly by  
3 10 January 1, 2011, regarding its activities and recommendations.  
3 11 Administrative support shall be furnished by the department of  
3 12 public safety, with the assistance of the office of energy  
3 13 independence and the department of natural resources.

3 14 Sec. 2. Section 476.6, Code Supplement 2007, is amended by  
3 15 adding the following new subsection:

3 16 NEW SUBSECTION. 23. ENERGY SAVINGS STANDARD.

3 17 a. The board shall establish an energy efficiency standard  
3 18 of a one and one-half percent annual reduction in projected  
3 19 energy use applicable to all gas and electric utilities as a  
3 20 statewide average goal. In applying the standard, the board  
3 21 shall collaborate with each utility to determine an  
3 22 individualized and cost-effective energy efficiency goal,  
3 23 taking into consideration the utility service area's historic  
3 24 energy load, its projected demand, its consumer base, the  
3 25 effectiveness of its previous or current energy efficiency  
3 26 plans generating energy savings by consumers or generating  
3 27 cost savings or efficiencies in the production and delivery of  
3 28 energy, and other relevant factors. The goal applicable to a  
3 29 gas and electric utility may be implemented through  
3 30 modification of the utility's energy efficiency plan submitted  
3 31 pursuant to subsection 14, a plan developed and implemented by  
3 32 the board, a plan developed by a utility association and filed  
3 33 with and approved by the board, or pursuant to a third-party  
3 34 contract entered into by the utility. Any utility that  
3 35 implements a board-approved plan filed by an association or  
4 1 developed by the board shall be deemed to have met its energy  
4 2 efficiency goal without having to determine an individualized  
4 3 goal. Upon application, the board may establish an energy  
4 4 efficiency goal for a group or groups of utilities to pool  
4 5 their energy use reductions. Any costs attributable to a  
4 6 incurred by customers resulting from implementation of a  
4 7 utility's energy efficiency goal pursuant to this subsection  
4 8 shall be separately itemized on customer utility bills.

4 9 b. The board shall conduct an assessment of the  
4 10 feasibility and cost-effectiveness of establishing a standard  
4 11 of one and one-half percent annual reduction in projected  
4 12 energy use applicable to all gas and electric utilities, and  
4 13 may by rule establish intermediate goals during the assessment  
4 14 process. A preliminary report of the assessment shall be  
4 15 submitted to the governor and the general assembly by January  
4 16 1, 2009, and a final report shall be submitted to the governor  
4 17 and the general assembly by January 1, 2011.

4 18 Sec. 3. Section 476.44, subsection 2, Code 2007, is  
4 19 amended to read as follows:

4 20 2. ~~An electric utility subject to this division, except a~~  
~~4 21 utility that elects rate regulation pursuant to section~~  
~~4 22 476.1A, shall not be required to own or purchase, at any one~~  
~~4 23 time, more than its share of one hundred five megawatts of~~  
~~4 24 power from alternative energy production facilities or small~~  
~~4 25 hydro facilities at the rates established pursuant to section~~  
~~4 26 476.43. The board shall allocate the one hundred five~~

~~4 27 megawatts based upon each utility's percentage of the total  
4 28 Iowa retail peak demand, for the year beginning January 1,  
4 29 1990, of all utilities subject to this section. If a utility  
4 30 undergoes reorganization as defined in section 476.76, the  
4 31 board shall combine the allocated purchases of power for each  
4 32 utility involved in the reorganization.~~

~~4 33 Notwithstanding the one hundred five megawatt maximum, the  
4 34 board may increase the amount of power that a utility is  
4 35 required to own or purchase at the rates established pursuant  
5 1 to section 476.43 if the board finds that a utility, including  
5 2 a reorganized utility, exceeds its 1990 Iowa retail peak  
5 3 demand by twenty percent and the additional power the utility  
5 4 is required to purchase will encourage the development of  
5 5 alternate energy production facilities and small hydro  
5 6 facilities. The increase shall not exceed the utility's  
5 7 increase in peak demand multiplied by the ratio of the  
5 8 utility's share of the one hundred five megawatt maximum to  
5 9 its 1990 Iowa retail peak demand.~~

~~5 10 a. The board shall establish for each electric utility the  
5 11 goal of producing or purchasing twenty-five percent of its  
5 12 total annual Iowa retail electric sales from alternative  
5 13 energy production facilities by December 31, 2025.~~

~~5 14 b. Any goal established by the board shall allow the  
5 15 continued sale of renewable energy credits associated with  
5 16 those facilities in any market for those credits. The board  
5 17 may establish or participate in a program to track, record,  
5 18 and verify the trading of credits for electricity generated  
5 19 from renewable energy sources among electric generators,  
5 20 utilities, and other interested entities, within this state  
5 21 and among similar entities in other states.~~

5 22 EXPLANATION

5 23 This bill relates to improving energy efficiency within  
5 24 this state.

5 25 The bill provides for the establishment of an energy  
5 26 efficiency standard of a 1.5 percent annual reduction in  
5 27 projected energy use applicable to all gas and electric  
5 28 utilities as a statewide average goal. The bill directs the  
5 29 Iowa utilities board to collaborate with each utility to  
5 30 determine an individualized and cost-effective energy  
5 31 efficiency goal, taking into consideration the utility service  
5 32 area's historic energy load, its projected demand, its  
5 33 consumer base, the effectiveness of previous or current energy  
5 34 efficiency plans, and other relevant factors. The bill  
5 35 specifies that the goal may be implemented through  
6 1 modification of a utility's energy efficiency plan submitted  
6 2 pursuant to Code section 476.6, subsection 14, a plan  
6 3 developed and implemented by the board, a plan developed by a  
6 4 utility association and filed with and approved by the board,  
6 5 or pursuant to a third-party contract entered into by the  
6 6 utility. The bill provides that, upon application, the board  
6 7 may establish an energy efficiency goal for a group or groups  
6 8 of utilities to pool their energy use reductions, and that a  
6 9 utility implementing a board-approved plan filed by an  
6 10 association or developed by the board shall be deemed to have  
6 11 meet its goal without having to determine an individualized  
6 12 goal. The bill provides for itemization of energy efficiency  
6 13 plan costs to customers on their utility bills.

6 14 The bill also establishes a goal applicable to electric  
6 15 utilities of producing or purchasing 25 percent of their total  
6 16 annual Iowa retail electric sales from alternative energy  
6 17 production facilities by December 31, 2025. The bill  
6 18 specifies that this goal shall not impact renewable energy  
6 19 credit trading, and authorizes the board to track and monitor  
6 20 such trading.

6 21 The bill provides for the establishment of a commission on  
6 22 energy efficiency standards and practices within the  
6 23 department of public safety, to be comprised of the state  
6 24 building code commissioner or designee, the director of the  
6 25 office of energy independence or designee, a licensed  
6 26 engineer, a registered architect, two individuals recognized  
6 27 in the construction industry as possessing expertise and  
6 28 experience in the construction or renovation of  
6 29 energy-efficient residential and commercial buildings, a  
6 30 member of a local planning and zoning commission or county  
6 31 board of supervisors, three representatives of gas and  
6 32 electric public utilities, a local building official, and two  
6 33 consumers. The commission's duties would include evaluating  
6 34 energy efficiency standards applicable to buildings,  
6 35 developing recommendations for new energy efficiency  
7 1 standards, specifications, or guidelines applicable to new  
7 2 construction, developing recommendations for incentives for

7 3 energy efficiency construction projects which exceed currently  
7 4 applicable state and local building codes, and developing  
7 5 recommendations for adopting a statewide energy efficiency  
7 6 building labeling or rating system. An additional duty would  
7 7 involve obtaining input from individuals, groups,  
7 8 associations, and agencies in carrying out these specified  
7 9 duties as the commission determines appropriate. The  
7 10 commission would exist for a two-year period, with a report of  
7 11 recommendations submitted to the governor and the general  
7 12 assembly by January 1, 2011.  
7 13 LSB 5711HV 82  
7 14 rn/rj/14