House Study Bill 743

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
ENVIRONMENTAL PROTECTION
BILL BY CHAIRPERSON OLSON)

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

A BILL FOR

An Act relating to renewable energy production by establishing a county biomass project siting program and an electricity renewable energy standard, and making specified tax credits applicable.

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

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Section 1. NEW SECTION. 473.14 COUNTY BIOMASS PROJECT SITING == PROGRAM ESTABLISHED == REQUIREMENTS.

1. The department shall oversee implementation of a county biomass project siting program through which the county board of supervisors in each county in this state shall identify and approve a site within the county for location of a biomass electrical production facility. For purposes of this section, "biomass electrical production facility" means a facility constructed for the generation of at least twenty=five megawatts of electricity through the processing or utilization of organic matter including but not limited to agricultural energy crops, crop wastes and residues, wood wastes and residues, and aquatic plants, but excluding municipal solid waste.

2. Sites identified and approved may accommodate a biomass electrical production facility equipped to generate amounts of electricity in excess of the twenty=five=megawatt=minimum capacity, shall encompass sufficient land mass for biomass electrical production and disposition of materials, and shall be positioned to facilitate biomass delivery and access to electrical transmission lines. In selecting a site, consideration shall be given to location near a biomass waste processing facility that could be used in the production process, and which could participate with the biomass electrical production facility in the cogeneration of useful heat.

3. The department shall establish by rule general identification criteria applicable to county biomass project siting, and shall coordinate with each county board of supervisors regarding the selection and approval process. Each county board of supervisors shall submit a report to the department by January 1, 2010, regarding progress made toward site identification and approval, with a goal of final approval by each board and notification of approval to the department by January 1, 2012, and shall by January 1, 2012, submit an assessment to the department regarding the feasibility of establishing a biomass electrical production facility on the site selected, the existence of biomass waste processing facilities in the area, cogeneration possibilities, and the existence of potential biomass electrical producers.

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

2. ~~An electric utility subject to this division, except a utility that elects rate regulation pursuant to section 476.1A, shall not be required to own or purchase, at any one time, more than its share of one hundred five megawatts of power from alternative energy production facilities or small hydro facilities at the rates established pursuant to section 476.43. The board shall allocate the one hundred five megawatts based upon each utility's percentage of the total Iowa retail peak demand, for the year beginning January 1,~~

1990, of all utilities subject to this section. If a utility ~~undergoes reorganization as defined in section 476.76, the board shall combine the allocated purchases of power for each utility involved in the reorganization.~~

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

a. An electric utility shall produce or purchase at least the following percentages of its total annual Iowa retail electric sales from alternate energy production facilities or small hydro facilities:

(1) By December 31, 2014, fourteen percent.

(2) By December 31, 2020, twenty percent.

(3) By December 31, 2025, twenty=five percent.

b. Amounts produced or purchased in excess of the required percentages in paragraph "a" may be sold or exchanged between electric utilities for purposes of satisfying the requirements, subject to procedures as determined by the board by rule.

c. Of the total amounts of electricity to be produced or purchased from alternate energy production facilities or small hydro facilities required by paragraph "a", designated amounts of electricity shall be derived from specified alternative and renewable energy sources, as follows:

(1) Three hundred fifty megawatts shall be produced or purchased from community=owned renewable energy projects, pursuant to definition and criteria to be determined by the board by rule, by 2014. The amount required to be produced or purchased from community=owned renewable energy projects shall increase to five hundred megawatts by 2020, and to six hundred twenty=five megawatts by 2025, and be maintained each year thereafter.

(2) Eighty megawatts shall be produced or purchased from a sustainable, closed=loop biomass conversion facility, as defined in section 476C.1, by 2014, and maintained each year thereafter.

(3) Twenty megawatts shall be produced or purchased from a methane gas recovery facility, as defined in section 476C.1, by 2014, and maintained each year thereafter.

(4) Five megawatts shall be produced or purchased from a solar energy conversion facility, as defined in section 476C.1, by 2014, and maintained each year thereafter. An electric utility which maintains a solar energy utilization project with which the electric utility is involved on July 1, 2008, may allocate megawatts derived therefrom in satisfying this requirement.

d. Projects originated or utilized for the purpose of meeting the requirements of paragraph "c", subparagraphs (2) through (4), shall be eligible for the renewable energy tax credit pursuant to chapter 476C, and the maximum capacity restrictions of section 476C.3, subsection 4, shall not be applicable to a facility determined to be eligible pursuant to that section and supplying electricity produced or purchased by a utility in satisfaction of the alternative and renewable energy percentage purchase requirements of this section.

Sec. 3. Section 476C.3, subsection 4, Code 2007, is amended to read as follows:

4. a. The maximum amount of nameplate generating capacity of all wind energy conversion facilities the board may find eligible under this chapter shall not exceed one hundred eighty megawatts of nameplate generating capacity. The maximum amount of energy production capacity equivalent of all other facilities the board may find eligible under this chapter shall not exceed a combined output of twenty megawatts of nameplate generating capacity and one hundred sixty=seven billion British thermal units of heat for a commercial purpose. Of the maximum amount of energy production capacity equivalent of all other facilities found eligible under this chapter, fifty=five billion British thermal units of heat for a commercial purpose shall be reserved for an eligible facility that is a refuse conversion facility for processed, engineered fuel from a multicounty solid waste management

planning area. The maximum amount of energy production capacity the board may find eligible for a single refuse conversion facility is fifty=five billion British thermal units of heat for a commercial purpose.

b. The maximum amount of energy production capacity limitations specified in paragraph "a" shall not be applicable to an eligible facility supplying electricity produced or purchased in satisfaction of the alternative and renewable energy percentage purchase requirements contained in section 476.44, subsection 2.

EXPLANATION

This bill relates to the production of renewable energy.

The bill provides for the establishment of a county biomass project siting program, to be administered by the department of natural resources, through which each county board of supervisors shall identify and approve a site for the location of a biomass electrical production facility. The bill defines "biomass electrical production facility" as a facility constructed for the generation of at least 25 megawatts of electricity through the processing or utilization of organic matter including but not limited to agricultural energy crops, crop wastes and residues, wood wastes and residues, and aquatic plants, but excluding municipal solid waste.

The bill provides that a site may accommodate a biomass electrical production facility equipped to generate amounts of electricity in excess of the 25 megawatt minimum capacity, must be of sufficient land mass to allow for biomass electrical production and material disposition, and be positioned to facilitate biomass delivery and access to electrical transmission lines. The bill further provides that consideration should be given in site selection to location near a biomass waste processing facility that could be used in the production process, and which could participate with the biomass electrical production facility in the cogeneration of useful heat.

The bill directs the department to establish by rule general siting identification criteria and to coordinate with each county board of supervisors regarding the selection and approval process. The county boards are directed to submit a progress report to the department by January 1, 2010, with a goal of final approval by each board and notification of approval to the department by January 1, 2012. The county boards shall also submit to the department by January 1, 2012, an assessment of the feasibility of establishing a biomass electrical production facility on the site selected, the existence of biomass waste processing facilities in the area, cogeneration possibilities, and the existence of potential biomass electrical producers.

The bill additionally requires electric utilities to produce or purchase increasing percentages of their total annual Iowa retail electric sales from alternative energy production facilities or small hydro facilities, as defined in Code section 476.42, by specified dates, and provides that amounts produced or purchased in excess of the percentage requirements may be sold or exchanged between utilities pursuant to procedures determined by the Iowa utilities board by rule.

The bill provides that out of the production or purchase requirements, designated amounts of electricity shall be derived from specified sources of alternative and renewable energy sources. Specifically, 350 megawatts are required to be produced or purchased from community=owned renewable energy projects, pursuant to a definition of such projects and criteria relating to them as determined by the board by rule, by 2014, and increased to 500 megawatts by 2020 and 625 megawatts by 2025 and maintained each year thereafter. Additionally, 80 megawatts must be produced or purchased from a sustainable, closed=loop biomass conversion facility by 2014 and maintained each year thereafter; 20 megawatts must be produced or purchased from a methane gas recovery facility by 2014 and maintained each year thereafter; and 5 megawatts must be produced or purchased from a solar energy conversion facility and maintained each year thereafter. The bill references Code section 476C relating to alternative and renewable energy tax credits regarding a definition of biomass conversion facility, methane gas recovery facility, and solar energy conversion facility, and provides with reference to solar energy that utilities which maintain current solar energy utilization projects may allocate megawatts derived from them in satisfying the five megawatt requirement.

The bill provides that biomass, methane, or solar projects

which are originated or utilized to meet the percentage and megawatt requirements shall be eligible for the renewable energy tax credits pursuant to Code chapter 476C without application of statutory maximum capacity restrictions.

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