

House File 672 - Introduced

HOUSE FILE 672

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 634)

(SUCCESSOR TO HSB 201)

A BILL FOR

- 1 An Act relating to wind and other sources of renewable energy
- 2 development and production.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 476B.5, subsection 4, Code 2011, is
2 amended to read as follows:

3 4. The maximum amount of nameplate generating capacity of
4 all qualified facilities the board may find eligible under
5 this chapter shall not exceed ~~one hundred~~ fifty megawatts of
6 nameplate generating capacity.

7 Sec. 2. Section 476C.1, subsection 6, paragraph d, Code
8 2011, is amended to read as follows:

9 *d.* Was initially placed into service on or after July 1,
10 2005, and before January 1, ~~2012~~ 2015.

11 Sec. 3. Section 476C.1, subsection 6, Code 2011, is amended
12 by adding the following new paragraphs:

13 NEW PARAGRAPH. *e.* For applications filed on or after July
14 1, 2011, is a facility of not less than three-fourths megawatts
15 of nameplate generating capacity or the energy production
16 capacity equivalent if all or a portion of the renewable energy
17 produced is for on-site consumption by the producer.

18 NEW PARAGRAPH. *f.* For applications filed on or after
19 July 1, 2011, except for wind energy conversion facilities,
20 is a facility of no greater than five megawatts of nameplate
21 generating capacity or the energy production capacity
22 equivalent.

23 Sec. 4. Section 476C.1, subsection 8, Code 2011, is amended
24 to read as follows:

25 8. "*Heat for a commercial purpose*" means the heat in British
26 thermal unit equivalents from refuse-derived fuel, methane, or
27 other biogas produced in this state either for commercial use
28 by a producer for on-site consumption or sold to a purchaser of
29 renewable energy for use for a commercial purpose in this state
30 or for use by an institution in this state.

31 Sec. 5. Section 476C.2, subsection 1, Code 2011, is amended
32 to read as follows:

33 1. A producer or purchaser of renewable energy may
34 receive renewable energy tax credits under this chapter in
35 an amount equal to one and one-half cents per kilowatt-hour

1 of electricity, or four dollars and fifty cents per million
2 British thermal units of heat for a commercial purpose, or
3 four dollars and fifty cents per million British thermal units
4 of methane gas or other biogas used to generate electricity,
5 or one dollar and forty-four cents per one thousand standard
6 cubic feet of hydrogen fuel generated by and purchased from
7 an eligible renewable energy facility or used for on-site
8 consumption by the producer.

9 Sec. 6. Section 476C.3, subsection 1, paragraph e, Code
10 2011, is amended to read as follows:

11 e. A Except when the renewable energy is produced for
12 on-site consumption by the producer, a copy of the power
13 purchase agreement or other agreement to purchase electricity,
14 hydrogen fuel, methane or other biogas, or heat for a
15 commercial purpose which shall designate either the producer
16 or purchaser of renewable energy as eligible to apply for the
17 renewable energy tax credit.

18 Sec. 7. Section 476C.3, subsection 3, Code 2011, is amended
19 to read as follows:

20 3. a. A facility that is not operational within thirty
21 months after issuance of an approval for the facility by
22 the board shall cease to be an eligible renewable energy
23 facility. However, a wind energy conversion facility that is
24 approved as eligible under this section but is not operational
25 within eighteen months due to the unavailability of necessary
26 equipment shall be granted an additional twenty-four months to
27 become operational.

28 b. A facility which notifies the board prior to the
29 expiration of the time periods specified in paragraph "a"
30 that the facility intends to become operational and wishes
31 to preserve its eligibility shall be granted a twelve-month
32 extension. An extension may be renewed for succeeding
33 twelve-month periods if the board is notified prior to the
34 expiration of the extension of the continued intention to
35 become operational during the succeeding period of extension.

1 c. If the owner of a facility discontinues efforts to
2 achieve operational status, the owner shall notify the board
3 within thirty days of such discontinuance that the owner no
4 longer seeks a tax credit pursuant to this chapter. Upon
5 receipt of such notification, the board shall no longer
6 consider the facility as an eligible renewable energy facility
7 under this chapter.

8 d. A facility that is granted and thereafter loses approval
9 may reapply to the board for a new determination.

10 Sec. 8. Section 476C.3, subsection 4, Code 2011, is amended
11 to read as follows:

12 4. The maximum amount of nameplate generating capacity
13 of all wind energy conversion facilities the board may find
14 eligible under this chapter shall not exceed three hundred
15 ~~thirty~~ sixty-three megawatts of nameplate generating capacity.
16 The maximum amount of energy production capacity equivalent
17 of all other facilities the board may find eligible under
18 this chapter shall not exceed a combined output of ~~twenty~~
19 fifty-three megawatts of nameplate generating capacity and one
20 hundred sixty-seven billion British thermal units of heat for a
21 commercial purpose. Of the maximum amount of energy production
22 capacity equivalent of all other facilities found eligible
23 under this chapter, fifty-five billion British thermal units of
24 heat for a commercial purpose shall be reserved for an eligible
25 facility that is a refuse conversion facility for processed,
26 engineered fuel from a multicounty solid waste management
27 planning area. The maximum amount of energy production
28 capacity the board may find eligible for a single refuse
29 conversion facility is fifty-five billion British thermal units
30 of heat for a commercial purpose.

31 Sec. 9. Section 476C.4, subsections 1 and 2, Code 2011, are
32 amended to read as follows:

33 1. A producer or purchaser of renewable energy may apply to
34 the board for the renewable energy tax credit by submitting to
35 the board all of the following:

- 1 *a.* A completed application in a form prescribed by the
2 board.
- 3 *b.* A copy of the determination granting approval of the
4 facility as an eligible renewable energy facility by the board.
- 5 *c.* A copy of a signed power purchase agreement or other
6 agreement to purchase electricity, hydrogen fuel, methane or
7 other biogas, or heat for a commercial purpose from an eligible
8 renewable energy facility which shall designate either the
9 producer or purchaser of renewable energy as eligible to apply
10 for the renewable energy tax credit.
- 11 *d.* Sufficient documentation that the electricity, heat for
12 a commercial purpose, methane gas or other biogas, or hydrogen
13 fuel has been generated by the eligible renewable energy
14 facility and sold to the purchaser of renewable energy.
- 15 *e.* To the extent the produced electricity, hydrogen fuel,
16 methane or other biogas, or heat for a commercial purpose is
17 used for on-site consumption, the requirements of paragraphs
18 "c" and "d" shall not be applicable. For such renewable energy
19 production, the owner must submit a certification under penalty
20 of perjury that the claimed amount of electricity, hydrogen
21 fuel, methane or other biogas, or heat for a commercial purpose
22 was produced by the eligible facility and consumed by the
23 owner.
- 24 ~~*e.*~~ *f.* Any other information the board deems necessary.
- 25 2. The board shall notify the department of the amount
26 of kilowatt-hours, British thermal units of heat for a
27 commercial purpose, British thermal units of methane gas or
28 other biogas used to generate electricity, or standard cubic
29 feet of hydrogen fuel generated and purchased from an eligible
30 renewable energy facility or generated and used by the producer
31 for on-site consumption. The department shall calculate the
32 amount of the tax credit for which the applicant is eligible
33 and shall issue the tax credit certificate for that amount or
34 notify the applicant in writing of its refusal to do so. An
35 applicant whose application is denied may file an appeal with

1 the department within sixty days from the date of the denial
2 pursuant to the provisions of chapter 17A.

3 Sec. 10. Section 476C.4, subsection 5, Code 2011, is amended
4 to read as follows:

5 5. The department shall not issue a tax credit certificate
6 if the facility approved by the board as an eligible renewable
7 energy facility is not operational within eighteen months after
8 the approval is issued, subject to the extension provisions of
9 section 476C.3, subsection 3.

10 Sec. 11. Section 476C.5, Code 2011, is amended to read as
11 follows:

12 **476C.5 Certificate issuance period.**

13 A producer or purchaser of renewable energy may receive
14 renewable energy tax credit certificates for a ten-year period
15 for each eligible renewable energy facility under this chapter.
16 The ten-year period for issuance of the tax credit certificates
17 begins with the date the purchaser of renewable energy first
18 purchases electricity, hydrogen fuel, methane gas or other
19 biogas used to generate electricity, or heat for commercial
20 purposes from the eligible renewable energy facility for
21 which a tax credit is issued under this chapter, or the date
22 the producer of the renewable energy first uses the energy
23 produced by the eligible renewable energy facility for on-site
24 consumption. Renewable energy tax credit certificates shall
25 not be issued for renewable energy purchased or produced for
26 on-site consumption after December 31, ~~2021~~ 2024.

27 EXPLANATION

28 This bill relates to tax credits issued for eligible and
29 qualifying wind energy and renewable energy facilities.

30 The bill reduces the maximum amount of nameplate generating
31 capacity for all qualified facilities determined eligible to
32 receive the wind energy tax credit pursuant to Code chapter
33 476B from 150 megawatts to 50 megawatts, and increases the
34 maximum amount of nameplate generating capacity for all wind
35 energy conversion facilities determined eligible to receive

1 the renewable energy tax credit issued pursuant to Code
2 chapter 476C from 330 to 363 megawatts. The bill additionally
3 increases the maximum amount of energy production capacity
4 equivalent of all renewable energy facilities other than wind
5 energy conversion facilities determined eligible to receive the
6 renewable energy tax credit from 20 megawatts combined with
7 other specified British thermal units to 53 megawatts.

8 The bill extends the time period during which an eligible
9 renewable energy facility seeking to qualify for the renewable
10 energy tax credit shall have been placed in service by three
11 years to before January 1, 2015, and correspondingly extends
12 the existing ten-year duration for credit issuance to December
13 31, 2024.

14 The bill adds renewable energy produced for on-site
15 consumption for a commercial purpose as a form of energy
16 produced by a qualifying facility which may apply for the
17 credit on or after July 1, 2011, provided that the facility is
18 capable of producing not less than three-fourths megawatts of
19 nameplate generating capacity or the energy production capacity
20 equivalent, and makes conforming changes in Code chapter 476C.
21 The bill restricts facilities other than wind energy conversion
22 facilities applying for the credit on or after July 1, 2011, to
23 a nameplate generating capacity of no greater than 5 megawatts.

24 The bill provides that to the extent that electricity,
25 hydrogen fuel, methane or other biogas, or heat for a
26 commercial purpose is used for on-site consumption, current
27 application requirements relating to submission of a signed
28 power purchase agreement with a utility and documentation
29 regarding the sale of the energy produced are not applicable.
30 Instead, the bill provides that the owner must submit a
31 certification under penalty of perjury that the claimed amount
32 of electricity, hydrogen fuel, methane or other biogas, or heat
33 for a commercial purpose was in fact produced by the eligible
34 facility and consumed by the owner.

35 The bill also provides that a facility which notifies

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1 the Iowa utilities board that the facility intends to become
2 operational and wishes to preserve its eligibility for a tax
3 credit under Code chapter 476C shall be granted a 12-month
4 extension, beyond a current 18-month maximum, which may
5 be renewed for succeeding 12-month periods if the board is
6 notified prior to the expiration of the period of the continued
7 intention to become operational. The bill specifies that
8 if the owner of a facility discontinues efforts to achieve
9 operational status, the owner shall notify the board within
10 30 days, and that upon receipt of such notification the board
11 shall immediately remove the facility from eligible status.