

Senate File 372 - Introduced

SENATE FILE 372
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO SSB 1234)

A BILL FOR

1 An Act establishing an incentive program applicable to
2 specified wind energy production facilities.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 476.43A Wind energy incentive
2 program.

3 1. A wind energy production facility with a nameplate
4 generating capacity of less than or equal to twenty megawatts
5 which seeks to enter into an interconnection and power sales
6 agreement with an electric utility may submit an application
7 for approval to the board. The board shall develop an
8 application form and establish approval criteria by rule.

9 2. *a.* Eligibility for the program shall be contingent upon
10 the following:

11 (1) Constructing the facility on agricultural land in this
12 state as defined in section 9H.1.

13 (2) Having applied for or obtained the necessary financing
14 to cover facility construction and operation costs.

15 (3) Completing a standard interconnection request form
16 established by the board by rule.

17 *b.* Notwithstanding the ownership or maximum purchase
18 requirements of section 476.44, an electric utility shall
19 interconnect with a facility which is approved by the board
20 for participation in the program and shall purchase energy
21 from that facility at the rates approved in the standard
22 offer contract filed pursuant to subsection 3 with the board.
23 However, an electric utility shall not be required to purchase
24 an amount of energy from new program participants in a given
25 year which exceeds fifty percent of the electric utility's
26 retail sales growth during the previous year.

27 3. *a.* The board shall develop a standard offer contract
28 form to facilitate interconnection between an electric utility
29 and a program participant. The form shall be subject to
30 biannual review and periodic adjustment by the board with
31 respect to new program participants. The board shall require
32 all electric utilities to file with the board standard offer
33 contracts consistent with the form, subject to modification
34 and approval by the board. Electric utilities shall make
35 the contracts available to any approved program participant.

1 Standard offer contracts shall continue in effect for a
2 ten-year period or until construction and financing costs of
3 the facility have been recovered, whichever is earlier, may be
4 renewed, and shall be subject to termination provisions for
5 failure to perform, to be established by the board by rule.

6 *b.* The standard offer contracts shall be calculated on
7 a kilowatt-hour basis, and shall be based on each utility's
8 cost, inclusive of its required rate of return, for the new
9 development of wind technology.

10 *c.* Until the owner of the facility has recovered all
11 construction and financing costs incurred in construction
12 of the facility through electricity sales to the utility,
13 electricity generated by the facility shall be fully
14 transmitted to the utility and not available to the owner of
15 the facility for utilization on-site.

16 4. Standard offer contracts shall be in lieu of rates
17 otherwise determined by the board pursuant to section 476.43.
18 An unsuccessful applicant, or a wind energy production facility
19 with larger than twenty megawatts of nameplate generating
20 capacity, shall be governed by the rates established in section
21 476.43.

22 5. The board shall submit a report to the general assembly
23 by January 1 annually regarding program participation levels
24 and program results.

25 EXPLANATION

26 This bill establishes a wind energy incentive program
27 applicable to wind energy production facilities approved for
28 participation in the program.

29 The bill provides that a wind energy production facility
30 with a nameplate generating capacity of less than or equal
31 to 20 megawatts which seeks to enter into an interconnection
32 and power sales agreement with an electric utility may submit
33 an application for approval to the Iowa utilities board. To
34 be eligible to apply for the program, a facility must be
35 constructed on land suitable for use in farming, have applied

1 for or obtained the necessary financing to cover facility
2 construction and operation costs, and complete a standard
3 interconnection request form established by the board by rule.

4 The bill provides that notwithstanding the ownership or
5 maximum purchase requirements of Code section 476.44, an
6 electric utility shall be required to interconnect with a
7 facility approved by the board for the program, but shall not
8 be required to purchase an amount of energy from new program
9 participants in a given year which exceeds 50 percent of its
10 retail sales growth during the previous year.

11 The bill directs the board to develop a standard offer
12 contract form to facilitate interconnection between an electric
13 utility and a program participant, which shall be subject to
14 biannual review and periodic adjustment by the board with
15 respect to new program participants. All electric utilities
16 shall file with the board standard offer contracts consistent
17 with this form, subject to modification and board approval, and
18 shall make these contracts available to any approved program
19 participant. The bill provides that standard offer contracts
20 shall continue in effect for the earlier of 10 years, or the
21 date by which the facility owner has recovered construction and
22 financing costs, are renewable, and are subject to termination
23 provisions for failure to perform to be established by the
24 board by rule.

25 The bill provides that purchases of electricity under the
26 standard offer contracts shall be calculated on a kilowatt-hour
27 basis, and shall be based on each utility's cost, inclusive of
28 its required rate of return, for the new development of wind
29 technology. Until the owner of the facility has recovered all
30 construction and financing costs incurred in construction of
31 the facility, the bill provides that all electricity generated
32 by the facility shall be fully transmitted to the utility and
33 not available to the owner of the facility for utilization
34 on-site.

35 The bill states that standard offer contracts shall be

1 in lieu of alternate and renewable energy rates otherwise
2 determined by the board pursuant to Code section 476.43, and
3 that an unsuccessful applicant, or a wind energy production
4 facility with larger than 20 megawatts of nameplate generating
5 capacity, shall be governed by the Code section 476.43 rates.

6 The bill requires the board to submit a report to the general
7 assembly by January 1 annually regarding program participation
8 levels and results.