

Senate Study Bill 1065 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON FEENSTRA)

A BILL FOR

- 1 An Act modifying provisions applicable to the renewable energy tax credit, and including effective date and retroactive applicability provisions.
- 2
- 3
- 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 476C.1, subsection 8, Code 2017, is
2 amended to read as follows:

3 8. "*Heat for a commercial purpose*" means the heat in British
4 thermal unit equivalents from refuse-derived fuel, methane, or
5 other biogas produced in this state either for commercial use
6 by a producer for on-site consumption or sold to a purchaser
7 of renewable energy for use for a commercial purpose in this
8 state or for use by an institution in this state. For purposes
9 of this chapter, "heat for a commercial purpose" includes heat
10 captured during the generation of electricity using methane gas
11 or other biogas produced by a biogas recovery facility when
12 such heat is used for a commercial purpose for which fuel or
13 electricity would otherwise be consumed.

14 Sec. 2. Section 476C.2, subsection 1, Code 2017, is amended
15 to read as follows:

16 1. A producer or purchaser of renewable energy may receive
17 renewable energy tax credits under **this chapter** in an amount
18 equal to the sum of the following:

19 a. one One and one-half cents per kilowatt-hour of
20 electricity, or.

21 b. ~~four~~ Four dollars and fifty cents per million British
22 thermal units of heat for a commercial purpose, or.

23 c. ~~four~~ Four dollars and fifty cents per million British
24 thermal units of methane gas or other biogas used to generate
25 electricity, or unless renewable energy tax credits are claimed
for such electricity under paragraph "a".

27 d. one One dollar and forty-four cents per one thousand
28 standard cubic feet of hydrogen fuel generated by and purchased
29 from an eligible renewable energy facility or used for on-site
30 consumption by the producer.

31 Sec. 3. Section 476C.3, subsection 4, paragraph a, Code
32 2017, is amended to read as follows:

33 a. The maximum amount of nameplate generating capacity
34 of all wind energy conversion facilities the board may find
35 eligible under **this chapter** shall not exceed three hundred

1 ~~sixty-three~~ forty-three megawatts of nameplate generating
2 capacity.

3 Sec. 4. Section 476C.3, subsection 4, paragraph b,
4 unnumbered paragraph 1, Code 2017, is amended to read as
5 follows:

6 The maximum amount of energy production capacity equivalent
7 of all other facilities the board may find eligible under this
8 chapter shall not exceed a combined output of ~~sixty-three~~
9 eighty-three megawatts of nameplate generating capacity and,
10 annually, one hundred sixty-seven billion British thermal units
11 of heat for a commercial purpose.

12 Sec. 5. Section 476C.3, subsection 4, paragraph b, Code
13 2017, is amended by adding the following new subparagraph:

14 NEW SUBPARAGRAPH. (4) Of the maximum amount of energy
15 production capacity equivalent of all other facilities
16 found eligible under this chapter, twenty-two and one-half
17 megawatts of nameplate generating capacity or energy production
18 equivalent shall be reserved for biogas recovery facilities
19 with a generating capacity of two and one-half megawatts or
20 less.

21 Sec. 6. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
22 immediate importance, takes effect upon enactment.

23 Sec. 7. RETROACTIVE APPLICABILITY. This Act applies
24 retroactively to January 1, 2014, for tax years beginning on
25 or after that date.

26 EXPLANATION

27 The inclusion of this explanation does not constitute agreement with
28 the explanation's substance by the members of the general assembly.

29 This bill modifies provisions applicable to the renewable
30 energy tax credit established in Code chapter 476C.

31 Currently, the Code chapter defines "heat for a commercial
32 purpose" to mean the heat in British thermal unit equivalents
33 from refuse-derived fuel, methane, or other biogas produced
34 in this state either for commercial use by a producer for
35 on-site consumption or sold to a purchaser of renewable

1 energy for use for a commercial purpose in Iowa or for use
2 by an institution in Iowa. The bill adds that "heat for a
3 commercial purpose" also includes heat captured during the
4 generation of electricity using methane gas or other biogas
5 produced by a biogas recovery facility when such heat is used
6 for a commercial purpose for which fuel or electricity would
7 otherwise be consumed.

8 Currently, the Code chapter specifies the dollar value
9 of renewable energy tax credits which may be claimed per
10 kilowatt-hour of electricity, or per million British thermal
11 units of heat for a commercial purpose, or per million British
12 thermal units of methane gas or other biogas used to generate
13 electricity, or per one thousand standard cubic feet of
14 hydrogen fuel. The bill provides that a producer or purchaser
15 of renewable energy is not limited to claiming one form of
16 these four differentiated credits but may instead receive more
17 than one credit corresponding to each type of heat generated or
18 captured by a renewable energy facility.

19 Additionally, current Code section 476.3(4) specifies the
20 maximum amounts of energy production capacity equivalent of
21 renewable energy production facilities that the Iowa utilities
22 board may find eligible for a renewable energy tax credit.
23 The bill decreases the maximum amount of nameplate generating
24 capacity (NGC) with respect to wind energy conversion
25 facilities from 363 megawatts to 343 megawatts. The bill
26 increases the maximum amount of NGC with respect to all
27 other facilities from 63 megawatts to 83 megawatts. The bill
28 provides that 22.5 megawatts out of the total 83 megawatts
29 of NGC for which credits may be issued to facilities other
30 than wind energy conversion facilities is reserved for biogas
31 recovery facilities with an NGC of 2.5 megawatts or less.

32 The bill takes effect upon enactment and applies
33 retroactively to January 1, 2014, for tax years beginning on
34 or after that date.