

**House Study Bill 658 - Introduced**

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE  
ON COMMERCE BILL BY  
CHAIRPERSON LUNDGREN)

**A BILL FOR**

1 An Act relating to electric power generation, energy storage,  
2 and transmission facility ratemaking principles, and  
3 including applicability provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 DIVISION I  
2 ELECTRIC POWER GENERATION, ENERGY STORAGE, AND TRANSMISSION  
3 FACILITY RATEMAKING PRINCIPLES

4 Section 1. NEW SECTION. 476.52A Definitions.

5 As used in this subchapter unless the context otherwise  
6 requires:

7 1. "*Alternate energy production facility*" means the same as  
8 defined in section 476.42.

9 2. "*Energy storage*" means any system, equipment, facility,  
10 or technology that is capable of absorbing energy, storing the  
11 energy for a period of time, and dispatching the energy through  
12 one of the following manners:

13 a. Using mechanical, electrochemical, thermal,  
14 electrolysis, or other processes to convert and store electric  
15 energy that was generated at an earlier time for use at a later  
16 time.

17 b. Using mechanical, electrochemical, biochemical, or  
18 thermal processes to convert and store energy generated  
19 from mechanical processes that would otherwise be wasted for  
20 delivery at a later time.

21 c. Storing energy in an electric, thermal, or gaseous  
22 state for direct use for heating or cooling at a later time  
23 in a manner that avoids the need to use electricity or other  
24 fuel sources at that later time, such as a grid-enabled water  
25 heater.

26 3. "*Nuclear reactor*" means an apparatus designed to produce  
27 electrical or heat energy through sustained nuclear fission in  
28 a self-supporting chain reaction.

29 4. "*Repowering*" means either the complete dismantling and  
30 replacement of generation equipment at an existing project  
31 site, or the installation of new parts and equipment to an  
32 existing alternate energy production facility in order to  
33 increase energy production, reduce load, increase service  
34 capacity, improve project reliability, or extend the useful  
35 life of the facility.

1     Sec. 2. Section 476.53, subsection 1, Code 2024, is amended  
2 to read as follows:

3     1. It is the intent of the general assembly to attract  
4 the development of electric power generating, energy storage,  
5 and transmission facilities within the state in sufficient  
6 quantity to ensure reliable electric service to Iowa consumers  
7 and provide economic benefits to the state. Ensuring  
8 reliable electric service and providing economic benefits  
9 may require public utilities to consider diverse electric  
10 power generating technologies and energy storage technologies,  
11 including alternate energy production facilities, nuclear  
12 reactors, and energy storage facilities. It is also the  
13 intent of the general assembly to encourage rate-regulated  
14 public utilities to consider altering existing electric power  
15 generating facilities, ~~where~~ when reasonable, to manage carbon  
16 emission intensity in order to facilitate the transition to a  
17 carbon-constrained environment.

18     Sec. 3. Section 476.53, subsection 3, paragraph a, Code  
19 2024, is amended to read as follows:

20     a. The board ~~shall~~ may specify in advance, by order issued  
21 after a contested case proceeding, the ratemaking principles  
22 that will apply when the costs of the electric power generating  
23 facility, ~~or~~ alternate energy production facility, or energy  
24 storage facility are included in regulated electric rates  
25 ~~whenever~~ a. A rate-regulated public utility does may seek  
26 ratemaking principles for any of the following:

27     (1) (a) ~~Files an application pursuant to section 476A.3~~  
28 ~~to construct~~ The costs of constructing in Iowa a baseload an  
29 electric power generating facility with a nameplate generating  
30 capacity equal to or greater than ~~three hundred~~ forty megawatts  
31 ~~or a combined-cycle electric power generating facility, or an~~  
32 alternate energy production facility as defined in section  
33 476.42, or an energy storage facility, or the construction  
34 costs to significantly alter an existing electric power  
35 generating facility, alternate energy production facility, or

1 energy storage facility. For purposes of this subparagraph,  
2 a significant alteration of an existing generating facility,  
3 alternate energy production facility, or energy storage  
4 facility must, in order to qualify for establishment of  
5 ratemaking principles, fall into one of the following  
6 categories:

7 (i) ~~Conversion of a coal-fueled~~ an electric power generating  
8 ~~facility into a gas-fueled~~ to an alternate fuel type for the  
9 electric power generating facility.

10 (ii) ~~Addition of carbon capture and storage facilities at a~~  
11 ~~coal-fueled~~ to an existing electric power generating facility.

12 (iii) ~~Addition of gas-fueled capability to a coal-fueled~~  
13 ~~facility, in order to convert the facility to one that will~~  
14 ~~rely primarily on gas for future generation~~ facilities to  
15 capture exhaust heat and thereby generate additional electric  
16 power at an existing electric power generating facility.

17 ~~(iv) Addition of a biomass-fueled capability to a coal~~  
18 ~~fueled facility.~~

19 ~~(v) (iv) Repowering of an alternate energy production~~  
20 ~~facility. For purposes of this subparagraph subdivision,~~  
21 ~~"repowering" shall mean either the complete dismantling and~~  
22 ~~replacement of generation equipment at an existing project~~  
23 ~~site, or the installation of new parts and equipment to an~~  
24 ~~existing alternate energy production facility in order to~~  
25 ~~increase energy production, reduce load, increase service~~  
26 ~~capacity, improve project reliability, or extend the useful~~  
27 ~~life of the facility.~~

28 (v) Addition of energy storage at an existing electric power  
29 generating facility, alternate energy production facility, or  
30 energy storage facility.

31 (b) With respect to a significant alteration of an existing  
32 generating facility, ~~an original facility shall not be required~~  
33 ~~to be either a baseload or a combined-cycle facility. Only~~  
34 only the incremental investment undertaken by a utility  
35 under subparagraph division (a), subparagraph subdivision

1 (i), (ii), or (iii), ~~or (iv)~~ shall be eligible to apply the  
2 ratemaking principles established by the order issued pursuant  
3 to paragraph "e". Facilities for which advanced ratemaking  
4 principles are obtained pursuant to [this section](#) shall not be  
5 subject to a subsequent board review pursuant to section 476.6,  
6 subsection 19, to the extent that the investment has been  
7 considered by the board under [this section](#), but may be subject  
8 to the provisions of paragraph "od" of this subsection. To the  
9 extent an eligible utility has been authorized to make capital  
10 investments subject to [section 476.6, subsection 19](#), such  
11 investments shall not be eligible for ratemaking principles  
12 pursuant to [this section](#).

13 (2) ~~Leases or owns~~ When leased or owned in Iowa, in whole or  
14 in part, a new baseload electric power generating facility with  
15 a nameplate generating capacity equal to or greater than ~~three~~  
16 ~~hundred forty~~ megawatts ~~or a combined-cycle electric power~~  
17 generating, a new energy storage facility, or a new alternate  
18 energy production facility as defined in [section 476.42](#).

19 Sec. 4. Section 476.53, subsection 3, Code 2024, is amended  
20 by adding the following new paragraph:

21 NEW PARAGRAPH. *od.* The board may require as a condition  
22 of approval of an advanced ratemaking petition for solar  
23 energy production, wind energy production, or energy  
24 storage by a rate-regulated public utility the filing of an  
25 integrated resource plan. The board shall adopt rules for an  
26 integrated resource plan filing. An integrated resource plan  
27 shall include proposals for the use of resources including  
28 generation, distribution facilities, transmission, limitation  
29 demand response arrangements, peak load management, distributed  
30 generation, power purchase agreements, and wholesale market  
31 purchases.

32 Sec. 5. APPLICABILITY. This division of this Act applies to  
33 an application for new or changed rates, charges, schedules, or  
34 regulations filed by a public utility on or after the effective  
35 date of this Act.

DIVISION II

RATEMAKING REVIEW

Sec. 6. RATEMAKING — PERFORMANCE-BASED REGULATION REVIEW.

1  
2  
3  
4 1. The utilities board shall initiate and coordinate an  
5 independent review of performance-based regulation frameworks  
6 and various components, which shall include multiyear  
7 rate plans, performance mechanisms such as scorecards and  
8 performance incentive mechanisms, and earnings sharing  
9 mechanisms. The review shall take into account the policy  
10 objectives of ensuring safe, adequate, reliable, and affordable  
11 utility services provided at rates that are nondiscriminatory,  
12 just, reasonable, and based on the cost of the utility to  
13 provide service to customers within the state.

14 2. The review shall include recommendations for changes in  
15 law and administrative rules and identification of ratemaking  
16 laws and procedures of other states that, if adopted in Iowa,  
17 could enhance the competitiveness of utility rates in the state  
18 compared with utility rates in other jurisdictions.

19 3. The consumer advocate division of the department  
20 of justice shall, and rate-regulated utilities and other  
21 interested persons may, participate in the review. The board  
22 may utilize additional services to assist in the coordination  
23 of the review and preparation of the report. The board shall  
24 submit a report with findings and recommendations to the  
25 general assembly by October 1, 2026.

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 relates to electric power generation, energy  
30 storage, and transmission facility ratemaking principles.

31 Division I of the bill modifies intent language to reflect an  
32 intent to attract energy storage for consumers in the state.

33 Division I of the bill alters ratemaking principle processes  
34 and modifies when a rate-regulated public utility may seek a  
35 ratemaking principle. In addition to electric power generating

1 facilities and alternate energy production facilities, the  
2 utilities board (board) may specify the ratemaking principles  
3 applying to an energy storage facility.

4 Division I of the bill provides that a rate-regulated public  
5 utility may seek ratemaking principles from the board when  
6 there are construction-related costs of an electric power  
7 generating facility with a nameplate generating capacity equal  
8 to or greater than 40 megawatts, an alternate energy production  
9 facility, or an energy storage facility, or significant  
10 alterations to an existing electric power generating facility,  
11 alternate energy production facility, or energy storage  
12 facility. Current law generally provides that when a  
13 rate-regulated public utility files an application to construct  
14 a baseload electric power generating facility with a nameplate  
15 generating capacity equal to or greater than 300 megawatts  
16 or a combined-cycle electric power generating facility or an  
17 alternate energy production facility, or to significantly alter  
18 an existing generating facility or a new alternate energy  
19 production facility, the board shall specify in advance the  
20 ratemaking principles that will apply.

21 Division I of the bill modifies the requirements for a  
22 significant alteration of an existing generating facility  
23 to qualify for the establishment of ratemaking principles.  
24 Division I of the bill provides that to qualify for ratemaking  
25 principles, the significant alteration can convert an electric  
26 power generating facility to an alternate fuel type, add  
27 carbon capture and carbon storage to an electric power  
28 generating facility, add a facility to capture exhaust heat to  
29 an electric power generating facility, repower an alternate  
30 energy production facility, or add energy storage to an  
31 existing electric power generating facility, alternate energy  
32 production facility, or energy storage facility. Current  
33 law provides that to qualify for ratemaking principles, the  
34 significant alteration can convert a coal-fueled facility into  
35 a gas-fueled facility, add carbon capture and carbon storage

1 to a coal-fueled facility, add gas-fueled capability to a  
2 coal-fueled facility, add a biomass-fueled capability to a  
3 coal-fueled facility, or repower an alternate energy production  
4 facility.

5 Division I of the bill provides that a utility investment to  
6 convert an electric power generating facility to a different  
7 fuel type, add carbon capture and carbon storage to an electric  
8 power generating facility, or add a fuel type to an electric  
9 power generating facility shall be eligible to apply the  
10 ratemaking principles established by an order issued prior to  
11 construction or lease of a facility.

12 Division I of the bill provides that a rate-regulated  
13 public utility may seek ratemaking principles for leasing  
14 or owning a new electric power generating facility with a  
15 nameplate generating capacity equal to or greater than 40  
16 megawatts, a new energy storage facility, or a new alternate  
17 energy production facility. Current law provides that  
18 a rate-regulated public utility leasing or owning a new  
19 baseload electric power generating facility with a nameplate  
20 generating capacity equal to or greater than 300 megawatts,  
21 a combined-cycle electric power generating facility, or a  
22 new alternate energy production facility may seek ratemaking  
23 principles.

24 Division I of the bill provides that the board may require an  
25 integrated resource plan (plan) as a condition of an advance  
26 ratemaking petition approval. The board shall adopt rules for  
27 the plan and the plan shall include proposals for the use of  
28 certain resources.

29 Division I of the bill applies to an application for new or  
30 changed rates, charges, schedules, or regulations filed by a  
31 public utility on or after the effective date of the bill.

32 Division II of the bill requires the board to conduct a  
33 review of the performance-based regulation frameworks and  
34 various components to ensure utility services are safe,  
35 adequate, reliable, and affordable and provided at rates that



H.F. \_\_\_\_\_

1 are nondiscriminatory, just, reasonable, and based on the cost  
2 of the utility to provide service to customers within the  
3 state. The board shall submit a report containing the findings  
4 and recommendations of the review to the general assembly by  
5 October 1, 2026.