

# Senate Study Bill 1149 - Introduced

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE  
ON COMMERCE BILL BY  
CHAIRPERSON BROWN)

## 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 Section 1. Section 476.53, subsection 1, Code 2023, is  
2 amended 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. It is also the  
8 intent of the general assembly to encourage rate-regulated  
9 public utilities to consider altering existing electric  
10 generating facilities, where reasonable, to manage carbon  
11 emission intensity in order to facilitate the transition to a  
12 carbon-constrained environment.

13 Sec. 2. Section 476.53, subsection 3, paragraph a, Code  
14 2023, is amended to read as follows:

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

22 (1) (a) ~~Files an application pursuant to section 476A.3~~  
23 ~~to construct~~ The costs of developing, engineering, and  
24 constructing in Iowa a ~~baseload~~ an electric power generating  
25 facility, ~~with a nameplate generating capacity equal to or~~  
26 ~~greater than three hundred megawatts or a combined-cycle~~  
27 ~~electric power generating facility, or an alternate energy~~  
28 production facility as defined in section 476.42, an energy  
29 storage facility, or to significantly alter an existing  
30 electric power generating facility or energy storage facility.  
31 For purposes of this subparagraph, a significant alteration  
32 of an existing generating facility or energy storage facility  
33 must, in order to qualify for establishment of ratemaking  
34 principles, fall into one of the following categories:

35 (i) Conversion of a ~~coal-fueled~~ an electric power generating

1 ~~facility into a gas fueled~~ to a different fuel type for the  
2 electric power generating facility.

3 (ii) Addition of carbon capture and storage facilities ~~at a~~  
4 ~~coal fueled~~ to an already existing electric power generating  
5 facility.

6 (iii) ~~Addition of gas fueled capability to a coal fueled~~  
7 ~~facility, in order to convert the facility to one that will~~  
8 ~~rely primarily on gas for future generation~~ a different fuel  
9 type to an already existing electric power generating facility.

10 ~~(iv) Addition of a biomass fueled capability to a coal~~  
11 ~~fueled facility.~~

12 ~~(v)~~ (iv) Repowering of an alternate energy production  
13 facility. For purposes of this subparagraph subdivision,  
14 "repowering" shall mean either the complete dismantling and  
15 replacement of generation equipment at an existing project  
16 site, or the installation of new parts and equipment to an  
17 existing alternate energy production facility in order to  
18 increase energy production, reduce load, increase service  
19 capacity, improve project reliability, or extend the useful  
20 life of the facility.

21 (v) Addition of energy storage at an already existing  
22 electric power generating facility or energy storage facility.

23 (b) With respect to a significant alteration of an existing  
24 generating facility, ~~an original facility shall not be required~~  
25 ~~to be either a baseload or a combined cycle facility. Only~~  
26 only the incremental investment undertaken by a utility  
27 under subparagraph division (a), subparagraph subdivision  
28 (i), (ii), or (iii), ~~or (iv)~~ shall be eligible to apply the  
29 ratemaking principles established by the order issued pursuant  
30 to paragraph "e". Facilities for which advanced ratemaking  
31 principles are obtained pursuant to [this section](#) shall not  
32 be subject to a subsequent board review pursuant to section  
33 476.6, subsection 19, to the extent that the investment has  
34 been considered by the board under [this section](#). To the  
35 extent an eligible utility has been authorized to make capital

1 investments subject to [section 476.6, subsection 19](#), such  
2 investments shall not be eligible for ratemaking principles  
3 pursuant to [this section](#).

4 (2) Leases or owns in Iowa, in whole or in part, a new  
5 ~~baseload~~ electric power generating facility with a nameplate  
6 ~~generating capacity equal to or greater than three hundred~~  
7 ~~megawatts or a combined-cycle electric power generating,~~ energy  
8 storage facility, or a new alternate energy production facility  
9 as defined in [section 476.42](#).

10 Sec. 3. APPLICABILITY. This Act applies to an application  
11 for new or changed rates, charges, schedules, or regulations  
12 filed by a public utility on or after the effective date of the  
13 Act.

14 EXPLANATION

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

17 This bill relates to electric power generation, energy  
18 storage, and transmission facility ratemaking principles.

19 The bill modifies intent language to reflect an intent to  
20 attract energy storage for consumers in the state.

21 The bill alters ratemaking principle processes and modifies  
22 when a rate-regulated public utility may seek a ratemaking  
23 principle. The bill provides that in addition to electric  
24 power generating facilities and alternate energy production  
25 facilities, the board shall specify the ratemaking principles  
26 applying to an energy storage facility.

27 The bill provides that a rate-regulated public utility may  
28 seek ratemaking principles from the utilities board where  
29 there are construction-related costs of an electric power  
30 generating facility, an alternate energy production facility,  
31 an energy storage facility, or significant alterations to an  
32 existing electric power generating facility or energy storage.  
33 Current law provides that when a rate-regulated public utility  
34 files an application to construct a baseload electric power  
35 generating facility with a nameplate generating capacity equal

1 to or greater than 300 megawatts or a combined-cycle electric  
2 power generating facility or an alternative energy production  
3 facility, or to significantly alter an existing generating  
4 facility or a new alternate energy production facility, the  
5 utility may seek ratemaking principles.

6 The bill modifies the requirements for a significant  
7 alteration of an existing generating facility to qualify for  
8 the establishment of ratemaking principles. The bill provides  
9 that to qualify for ratemaking principles, the significant  
10 alteration can convert an electric power generating facility  
11 to a different fuel type, add carbon capture and carbon  
12 storage to an electric power generating facility, add a fuel  
13 type to an electric power generating facility, repower an  
14 alternate energy production facility, or add energy storage  
15 to an already existing electric power generating facility or  
16 energy storage facility. Current law provides that to qualify  
17 for ratemaking principles, the significant alteration can  
18 convert a coal-fueled facility into a gas-fueled facility, add  
19 carbon capture and carbon storage to a coal-fueled facility,  
20 add gas-fueled capability to a coal-fueled facility, add a  
21 biomass-fueled capability to a coal-fueled facility, or repower  
22 an alternate energy production facility.

23 The bill provides that a utility investment to convert an  
24 electric power generating facility to a different fuel type,  
25 add carbon capture and carbon storage to an electric power  
26 generating facility, or add a fuel type to an electric power  
27 generating facility shall be eligible to apply the ratemaking  
28 principles established by an order issued prior to construction  
29 or lease of a facility.

30 The bill provides that a rate-regulated public utility may  
31 seek ratemaking principles for leasing or owning a new electric  
32 power generating facility, energy storage facility, or a new  
33 alternate energy production facility. Current law provides  
34 that a rate-regulated public utility leasing or owning a new  
35 baseload electric power generating facility with a nameplate

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1 generating capacity equal to or greater than 300 megawatts  
2 or a combined-cycle electric power generating facility, or a  
3 new alternate energy production facility may seek ratemaking  
4 principles.

5     The bill applies to an application for new or changed rates,  
6 charges, schedules, or regulations filed by a public utility on  
7 or after the effective date of the bill.