

**Senate Study Bill 1158 - Introduced**

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

**A BILL FOR**

1 An Act relating to diesel fuel priority for a public utility.  
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 476.57 Diesel fuel priority —  
2 public utilities.

3 1. Where a regional transmission organization declares  
4 an energy or capacity emergency, or otherwise requires a  
5 public utility furnishing electricity to commit or operate a  
6 diesel-fueled electric generating unit, the public utility may  
7 request the board to take the following actions:

8 a. Direct the department of natural resources to suspend  
9 any requirements of 567 IAC 23.1(4), emission standards for  
10 hazardous air pollutants for source categories, as applicable  
11 to a diesel-fueled electric generating unit to the extent the  
12 requirements prevent diesel-fueled electric generating units  
13 from being classified as emergency units.

14 b. Direct the department of natural resources to suspend  
15 any requirements of 567 IAC 23.1(4), emission standards for  
16 hazardous air pollutants for source categories, as applicable  
17 to a diesel-fueled electric generating unit to the extent the  
18 requirements require a public utility to count the number  
19 of operational hours during emergency conditions toward the  
20 maximum number of hours for testing purposes.

21 c. Issue a priority service order to any diesel fuel seller  
22 supplying diesel fuel to the public utility, as follows:

23 (1) The request from the public utility shall specify the  
24 amount of fuel necessary to continue furnishing electricity  
25 during the emergency conditions.

26 (2) Upon receiving the request for priority service,  
27 the board shall verify the existence of the energy or  
28 capacity-related emergency conditions and determine whether the  
29 amount of fuel requested is reasonable.

30 (3) Upon verification of the emergency conditions, the  
31 board shall issue an order directing the diesel fuel supplier  
32 to grant the public utility a right of first refusal to acquire  
33 diesel fuel at the spot market price.

34 2. A diesel fuel supplier that does not comply with an order  
35 issued pursuant to subsection 1, paragraph "c", is subject to

1 penalties under section 476.51.

2 3. The board and the department of natural resources shall  
3 coordinate with a public utility making a request under this  
4 section in order to identify the appropriate regulations and  
5 requirements.

6 4. For purposes of this section, "*spot market*" means a  
7 financial market in which financial instruments or commodities  
8 are traded for immediate delivery.

9 EXPLANATION

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

12 This bill relates to diesel fuel priority for a public  
13 utility.

14 The bill requires diesel fuel sellers in Iowa to give  
15 priority service to a public utility operating a diesel  
16 electric generation unit in response to a directive from the  
17 regional transmission operator of the public utility during a  
18 declared energy or capacity emergency. The public utility may  
19 request for the Iowa utilities board (board) to take specified  
20 actions, including directing the department of natural  
21 resources to suspend requirements in 567 Iowa administrative  
22 code 23.1(4) relating to emission standards for hazardous air  
23 pollutants to prevent diesel-fueled electric generating units  
24 from being classified as emergency units or count the hours  
25 during emergency conditions toward the maximum number of hours  
26 for testing purposes.

27 The bill allows a public utility to request the board to  
28 issue a priority service order to any diesel fuel seller  
29 supplying diesel fuel to the public utility. The public  
30 utility shall specify the amount of fuel necessary to continue  
31 furnishing electricity during the emergency conditions. The  
32 board, after receiving the public utility's request for  
33 priority service, shall verify the existence of the energy or  
34 capacity-related emergency conditions and determine whether  
35 the amount of fuel requested is reasonable, and issue an

1 order directing the diesel fuel supplier to grant the public  
2 utility a right of first refusal to acquire diesel fuel at the  
3 spot market price. The bill defines "spot market" to mean a  
4 financial market where financial instruments or commodities are  
5 traded for immediate delivery.

6 The bill requires the board and the department of natural  
7 resources to coordinate with a public utility to identify the  
8 appropriate regulations and requirements.