

House File 2672 - Introduced

HOUSE FILE 2672
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 629)

A BILL FOR

1 An Act relating to solar energy by establishing a community solar
2 facility program.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. Section 476.1, Code 2026, is amended by adding the
2 following new subsection:

3 NEW SUBSECTION. 5. A community solar facility established
4 pursuant to section 476.50 shall not be regarded as a public
5 utility for purposes of this chapter.

6 Sec. 2. Section 476.25, Code 2026, is amended by adding the
7 following new subsection:

8 NEW SUBSECTION. 4. The furnishing of electricity pursuant
9 to a community solar facility under section 476.50 shall not
10 be considered an unnecessary duplication of electric utility
11 facilities and shall not constitute a violation of this section.

12 Sec. 3. Section 476.49, subsection 4, unnumbered paragraph 1,
13 Code 2026, is amended to read as follows:

14 ~~If the commission is petitioned by an electric utility after~~
15 On July 1, 2027, or when the statewide distributed generation
16 penetration rate is equal to five percent, whichever is earlier,
17 the commission shall initiate a proceeding to develop a value of
18 solar methodology and rate for eligible distributed generation
19 facilities. The value of solar rate shall be determined through
20 the use of a methodology that calculates the benefits and costs
21 an eligible distributed generation facility provides to, or
22 imposes on, the electric system. The value of solar methodology
23 shall be applied independently to each electric utility. When
24 the commission determines the value of solar methodology, it
25 shall determine if there is a need for separate methodologies for
26 other distributed generation technologies or if it can account
27 for the values of other technologies with modifications to the
28 value of solar methodology.

29 Sec. 4. NEW SECTION. **476.50 Community solar facility**
30 **program — established.**

31 1. As used in this section, unless the context otherwise
32 requires:

33 a. "Bill credit" means the monetary value of the electricity
34 in kilowatt-hours generated by the community solar facility
35 allocated to a subscriber to offset that subscriber's electricity

1 bill.

2 *b.* "Brownfield site" means an abandoned, idled, or
3 underutilized industrial or commercial facility where expansion
4 or redevelopment is complicated by real or perceived
5 environmental contamination, including wastewater treatment
6 lagoons, active and former quarry and mining ponds, storm water
7 detention ponds, cooling ponds, and manure ponds. A brownfield
8 site includes property contiguous with the property on which the
9 individual or commercial facility is located.

10 *c.* (1) Except as provided in subparagraph (2), "community
11 solar facility" means a distributed generation facility that
12 generates electricity by means of a solar photovoltaic device
13 whereby subscribers receive a bill credit for the electricity
14 generated in proportion to the size of the customer's
15 subscription and all of the following conditions apply:

16 (i) The facility is located on one or more parcels of land
17 within the assigned area of service of that utility and no other
18 community solar facility under the control of the same entity, an
19 affiliate's entity, or an entity under common control is located
20 on that land.

21 (ii) At the time the facility initially meets the requirements
22 set forth in the tariff to participate in the program, the
23 facility is not located within one mile, measured from the point
24 of interconnection, of a community solar facility under the
25 control of the same entity.

26 (iii) The facility has at least three subscribers once it
27 becomes operational.

28 (iv) The facility generates not more than five megawatts
29 of electricity as measured in alternating current unless the
30 facility is located on a brownfield site, whereby the facility
31 may generate not more than twenty megawatts of electricity as
32 measured in alternating current.

33 (v) No subscriber holds more than a forty percent interest in
34 the output of the facility unless the facility is located on the
35 same parcel of land as the subscriber's electric service premises

1 and the subscription reflects on-site load rather than resale or
2 aggregation.

3 (f) Not less than sixty percent of the capacity of the
4 facility is subscribed to by subscriptions of not more than forty
5 kilowatts. The requirements of this subparagraph division shall
6 not apply to the portion of a facility's capacity subscribed
7 pursuant to the on-site load exception described in subparagraph
8 division (e), provided that no more than forty percent of the
9 facility's total capacity may be excluded from the requirements
10 of this subparagraph division under that exception.

11 (2) A distributed generation facility qualifies as a
12 community solar facility if the distributed generation facility
13 generates not more than one megawatt of electricity as measured
14 in alternating current and meets the conditions described in
15 subparagraph (1), subparagraph divisions (a), (b), and (d), even
16 if the distributed generation facility does not meet any of the
17 conditions described in subparagraph (1), subparagraph divisions
18 (c), (e), and (f).

19 d. "Electric utility" means a public utility that furnishes
20 electricity to the public for compensation that is required to be
21 rate-regulated under this chapter.

22 e. "Subscriber" means a customer of an electric utility
23 subject to this section who owns one or more subscriptions to a
24 community solar facility interconnected with that utility.

25 f. "Subscriber organization" means a for-profit or nonprofit
26 entity that owns or operates one or more community solar
27 facilities.

28 g. "Subscription" means a proportional contractual interest
29 in a community solar facility under which the estimated bill
30 credits of the subscriber do not exceed the average annual bill
31 for the customer account to which the subscription is attributed.

32 2. a. A community solar facility program is established to
33 encourage and enhance the generation of solar energy and to
34 encourage and enhance the ability of electric utility customers
35 to participate in and derive benefit from alternate solar energy

1 projects.

2 b. A community solar facility authorized under this section
3 shall not serve or offer to serve electric customers in an
4 exclusive service area assigned to a rural electric cooperative,
5 nor shall a community solar facility authorized under this
6 section construct facilities in an exclusive service area
7 assigned to a rural electric cooperative unless expressly
8 authorized by the rural electric cooperative in whose exclusive
9 service area the facility would be located.

10 c. An electric utility shall provide a bill credit to a
11 subscriber's subsequent monthly electric bill. Any amount of
12 the bill credit that exceeds the subscriber's monthly bill shall
13 be carried over in the subscriber's account and applied to the
14 next month's bill within the subscriber's annual billing period.
15 Any bill credits remaining at the conclusion of the subscriber's
16 annual billing period shall be forfeited.

17 d. An electric utility shall be required to bill subscribers
18 to a community solar facility in accordance with section 476.49,
19 to the extent that section does not conflict with this section.

20 e. (1) A community solar facility authorized under this
21 section shall be eligible to provide bill credits to subscribers
22 only after the commission has approved a value of solar
23 methodology and rate for community solar pursuant to section
24 476.49. Bill credits shall be based on the commission-approved
25 value of solar rate established pursuant to section 476.49.

26 (2) The commission shall ensure the value of solar
27 methodology and rate for community solar, established pursuant
28 to section 476.49, appropriately reflects the costs and
29 benefits of community solar energy generation and ensures
30 that nonparticipating customers are not required to bear costs
31 directly attributable to the community solar facility program.

32 (3) A community solar facility shall be deemed an eligible
33 distributed generation facility for purposes of section 476.49.

34 f. An electric utility shall review its interconnection
35 processes to ensure they are adequate to facilitate the

1 efficient and cost-effective interconnection of community solar
2 facilities and allow an investor-owned electric utility to
3 recover reasonable interconnection costs for each community solar
4 facility. Such interconnection costs shall be the responsibility
5 of the subscriber organization or owner of the community solar
6 facility and shall not be applied to nonparticipating ratepayers.
7 Interconnection facilities and upgrades funded by the subscriber
8 organization or owner of the community solar facility shall
9 become part of the electric utility's distribution system and may
10 enhance system capacity, reliability, and operational flexibility
11 for all customers.

12 g. A subscriber may subscribe all of their electricity meters
13 to a community solar facility.

14 h. Community solar facilities may be owned by investors.

15 i. An electric utility shall provide a bill credit to
16 a subscriber's subsequent monthly electric bill for the
17 proportional output of a community solar facility attributable to
18 that subscriber for not less than twenty-five years from the date
19 the solar facility is first placed into operation.

20 j. A subscriber organization shall periodically and in
21 a standardized electronic format provide to the electric
22 utility whose service territory includes the location of the
23 subscriber organization's community solar facility a subscriber
24 list indicating the percentage of generation attributable to
25 each of the electric utility's retail customers who are
26 subscribers to a community solar facility in accordance with
27 the subscriber's portion of the output of the community solar
28 facility. The electric utility shall create a platform for the
29 subscriber organization to periodically communicate updates to
30 the subscriber list to reflect canceling subscribers and new
31 subscribers.

32 k. An electric utility shall provide a subscriber
33 organization a report each month in a standardized electronic
34 format detailing the total value of bill credits generated by the
35 subscriber organization's community solar facility in the prior

1 month and the amount of bill credits applied to each subscriber.

2 l. A subscriber organization may accumulate bill credits if
3 all of the electricity generated by a community solar facility
4 is not allocated to subscribers in a given month. On an annual
5 basis, the subscriber organization shall furnish to the electric
6 utility whose service territory includes the location of the
7 subscriber organization's community solar facility instructions
8 for distributing accumulated bill credits to subscribers.
9 The electric utility shall apply accumulated credits to a
10 subscriber's electric utility account in accordance with section
11 476.49. Any credits not distributed to subscribers annually will
12 be forfeited.

13 m. Any renewable energy credits created from the production
14 of electricity in a community solar facility are the property
15 of the subscriber organization that owns or operates the
16 community solar facility. The subscriber organization may sell,
17 accumulate, retire, or distribute to subscribers the renewable
18 energy credits of the subscriber organization.

19 3. The commission shall adopt rules to implement the
20 provisions of this section that accomplish all of the following:

21 a. Reasonably allow for the creation and financing of
22 community solar facilities.

23 b. Allow all customer classes to participate as subscribers
24 to a community solar facility, and ensure participation
25 opportunities for all customer classes.

26 c. Prohibit removing a customer from the customer's
27 applicable customer class due to the customer subscribing to a
28 community solar facility.

29 d. Reasonably allow for the transferability and portability
30 of subscriptions, including allowing a subscriber to retain a
31 subscription to a community solar facility if the subscriber
32 moves within the same investor-owned electric utility's service
33 territory.

34 e. Modify existing interconnection standards, fees, and
35 processes as needed to facilitate the efficient and

1 cost-effective interconnection of community solar facilities
2 and that allow an electric utility to recover reasonable
3 interconnection costs for each community solar facility.

4 *f.* Provide for consumer protection in accordance with
5 existing laws. The commission may establish a registration
6 process for any subscriber organization or affiliate seeking
7 to solicit community solar subscribers. The commission may
8 adopt rules to ensure that a subscriber organization retains
9 marketing information for a reasonable time period and provides
10 to subscribers a disclosure in plain language that includes all
11 fees and costs associated with the subscription.

12 *g.* Allow an electric utility to recover costs of applying
13 bill credits under this section.

14 *h.* Ensure an electric utility does not unreasonably refuse or
15 delay interconnection of a community solar facility.

16 *i.* Require a subscriber organization to satisfy
17 interconnection process benchmarks, demonstrate site control, and
18 obtain all applicable nonministerial permits for a community
19 solar facility before the subscriber organization owns or
20 operates the facility.

21 4. *a.* Not later than eighteen months after a community solar
22 facility has ceased generating electricity, except for instances
23 when the owner is actively working to recommence production of
24 electricity, including instances following the occurrence of a
25 force majeure or similar event, the owner of the community solar
26 facility shall commence decommissioning of the facility.

27 *b.* Unless the property owner authorizing the community
28 solar facility to operate on the property and the owner
29 of the community solar facility mutually agree in writing
30 on an alternative condition for restoring the property, the
31 decommissioning plan for the community solar facility shall
32 include all of the following:

33 (1) Removal of all nonelectric utility-owned equipment,
34 conduits, structures, fencing, and foundations to a depth of at
35 least three feet below grade.

1 (2) Removal of all graveled areas and access roads.

2 (3) Restoration of the property to a condition reasonably
3 similar to its condition before the commencement of construction,
4 except for ordinary wear and degradation and any changes to the
5 condition of the property caused by or at the request of the
6 property owner.

7 (4) To the extent practicable and seasonally appropriate, at
8 the request of the property owner, reseeding, or causing the
9 reseeding of, any cleared areas on the property.

10 5. a. The owner of a community solar facility shall maintain
11 sufficient financial assurances in the form of a bond, a parent
12 company guaranty with a minimum investment grade credit rating
13 for the parent company issued by a major domestic credit rating
14 agency, or a letter of credit to provide for decommissioning.

15 b. The amount of financial assurance shall be equal to the
16 cost of decommissioning the community solar facility, less the
17 facility's salvage value, and shall be updated periodically, but
18 not less than every ten years.

19 c. Decommissioning and salvage value costs shall be
20 calculated by an independent professional engineer at the expense
21 of the owner of the community solar facility.

22 Sec. 5. IMPLEMENTATION OF TARIFFS. By January 1, 2027, an
23 electric utility, as defined in section 476.50, as enacted by
24 this Act, shall file new or updated tariffs, if applicable, to
25 implement any necessary changes resulting from this Act.

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 establishes a community solar facility program.

30 Under current law, the Iowa utilities commission (commission)
31 is required to initiate a proceeding to develop a value of
32 solar methodology and rate for eligible distributed generation
33 facilities if petitioned by an electric utility on or after July
34 1, 2027, or when the statewide distributed generation penetration
35 rate is equal to 5 percent, whichever is earlier. The bill

1 removes the qualifier that requires the commission be petitioned
2 before initiating the proceeding.

3 The bill specifies that "electric utility" for purposes of
4 the bill means a public utility that provides electricity to
5 the public for compensation and is required to be rate-regulated
6 under Code chapter 476. The bill defines "brownfield site"
7 to mean an abandoned, idled, or underutilized industrial
8 or commercial facility where expansion or redevelopment is
9 complicated by real or perceived environmental contamination.
10 The bill defines "community solar facility" to mean a distributed
11 generation facility that generates electricity through solar
12 panels whereby subscribers may receive bill credits for the
13 electricity generated in proportion to the size of the customer's
14 subscription. The bill defines "subscriber" to mean a customer
15 of an electric utility who owns at least one share of
16 a subscription to a community solar facility. "Subscriber
17 organization" means a for-profit or nonprofit entity that owns
18 or operates one or more community solar facilities. The
19 bill defines "subscription" to mean a proportional contractual
20 interest in a community solar facility.

21 The bill establishes a community solar facility program to
22 encourage and enhance solar energy generation and the ability of
23 electric public utility customers to participate in and derive
24 benefit from alternate solar energy projects.

25 The bill requires an electric utility to bill subscribers
26 in accordance with billing methods established pursuant to Code
27 section 476.49.

28 The bill requires an electric utility to review its
29 interconnection processes with community solar facilities to
30 ensure adequacy, efficiency, and cost-effectiveness and to
31 allow an investor-owned electric utility to recover reasonable
32 interconnection costs. The bill directs the interconnection to
33 be the responsibility of the subscriber organization or owner of
34 the community solar facility and not applied to nonparticipating
35 ratepayers. The bill states that interconnection facilities

1 and upgrades funded by the subscriber organization or owner of
2 the community solar facility shall become part of the electric
3 utility's distribution system for all customers. The bill allows
4 a subscriber to include all of the subscriber's electricity
5 meters in the community solar facility. The bill provides
6 that a community solar facility may be owned by investors.
7 The bill provides specific procedures and requirements for the
8 administration of bill credits and subscriber information.

9 The bill requires the commission to adopt rules regarding
10 implementation of the bill's provisions.

11 The bill requires the owner of a community solar facility to
12 have a decommissioning plan, including financial assurances. The
13 bill provides procedures and requirements for the decommissioning
14 of a community solar facility.

15 The bill requires an electric utility to file new or updated
16 tariffs, if applicable, by January 1, 2027, to implement any
17 necessary changes resulting from the bill.