

House File 404 - Introduced

HOUSE FILE 404
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 81)

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 2025, 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 2025, 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. NEW SECTION. **476.50 Community solar facility**
13 **program — established.**

14 1. As used in this section, unless the context otherwise
15 requires:

16 a. "*Bill credit*" means the monetary value of the electricity
17 in kilowatt-hours generated by the community solar facility
18 allocated to a subscriber to offset that subscriber's electricity
19 bill.

20 b. "*Brownfield site*" means an abandoned, idled, or
21 underutilized industrial or commercial facility where expansion
22 or redevelopment is complicated by real or perceived
23 environmental contamination, including wastewater treatment
24 lagoons, active and former quarry and mining ponds, storm water
25 detention ponds, cooling ponds, and manure ponds. A brownfield
26 site includes property contiguous with the property on which the
27 individual or commercial facility is located. A brownfield site
28 does not include property that has been placed, or is proposed
29 for placement, on the national priorities list established
30 pursuant to the federal Comprehensive Environmental Response,
31 Compensation, and Liability Act, 42 U.S.C. §9601 et seq.

32 c. (1) Except as provided in subparagraph (2), a "*community*
33 *solar facility*" means a distributed generation facility that
34 generates electricity by means of a solar photovoltaic device
35 whereby subscribers receive a bill credit for the electricity

1 generated in proportion to the size of the customer's
2 subscription and all of the following conditions apply:

3 (a) The facility is located on one or more parcels of land
4 within the assigned area of service of that utility and no other
5 community solar facility under the control of the same entity, an
6 affiliate's entity, or an entity under common control is located
7 on that land.

8 (b) At the time the facility initially meets the requirements
9 set forth in the tariff to participate in the program, the
10 facility is not located within one mile, measured from the point
11 of interconnection, of a community solar facility under the
12 control of the same entity.

13 (c) The facility has at least three subscribers.

14 (d) The facility generates not more than five megawatts
15 of electricity as measured in alternating current unless the
16 facility is located on a brownfield site, whereby the facility
17 may generate not more than twenty megawatts of electricity as
18 measured in alternating current.

19 (e) No subscriber holds more than a forty percent interest in
20 the output of the facility.

21 (f) Not less than sixty percent of the capacity of the
22 facility is subscribed to by subscriptions of not more than forty
23 kilowatts.

24 (2) A distributed generation facility qualifies as a
25 community solar facility if the distributed generation facility
26 generates not more than one megawatt of electricity as measured
27 in alternating current and meets the conditions described in
28 subparagraph (1), subparagraph divisions (a), (b), and (d), even
29 if the distributed generation facility does not meet any of the
30 conditions described in subparagraph (1), subparagraph divisions
31 (c), (e), and (f).

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

35 e. "Subscriber" means a customer of an electric utility

1 subject to this section who owns one or more subscriptions to a
2 community solar facility interconnected with that utility.

3 *f.* "Subscriber organization" means a for-profit or nonprofit
4 entity that owns or operates one or more community solar
5 facilities.

6 *g.* "Subscription" means a proportional contractual interest
7 in a community solar facility under which the estimated bill
8 credits of the subscriber do not exceed the average annual bill
9 for the customer account to which the subscription is attributed.

10 2. *a.* A community solar facility program is established to
11 encourage and enhance the generation of solar energy and to
12 encourage and enhance the ability of electric utility customers
13 to participate in and derive benefit from alternate solar energy
14 projects.

15 *b.* An electric utility shall provide a bill credit to a
16 subscriber's subsequent monthly electric bill. Any amount of the
17 bill credit that exceeds the subscriber's monthly bill shall be
18 carried over in the subscriber's account and applied to the next
19 month's bill in perpetuity.

20 *c.* An electric utility shall be required to bill subscribers
21 to a community solar facility in accordance with section 476.49,
22 to the extent that section does not conflict with this section.

23 *d.* An electric utility shall review its interconnection
24 processes to ensure they are adequate to facilitate the
25 efficient and cost-effective interconnection of community solar
26 facilities and allow an investor-owned electric utility to
27 recover reasonable interconnection costs for each community solar
28 facility.

29 *e.* A subscriber may subscribe all of their electricity meters
30 to a community solar facility.

31 *f.* Community solar facilities may be owned by investors.

32 *g.* An electric utility shall provide a bill credit to
33 a subscriber's subsequent monthly electric bill for the
34 proportional output of a community solar facility attributable to
35 that subscriber for not less than twenty-five years from the date

1 the solar facility is first placed into operation.

2 *h.* A subscriber organization shall periodically and in
3 a standardized electronic format provide to the electric
4 utility whose service territory includes the location of the
5 subscriber organization's community solar facility a subscriber
6 list indicating the percentage of generation attributable to
7 each of the electric utility's retail customers who are
8 subscribers to a community solar facility in accordance with
9 the subscriber's portion of the output of the community solar
10 facility. The electric utility shall create a platform for the
11 subscriber organization to periodically communicate updates to
12 the subscriber list to reflect canceling subscribers and new
13 subscribers.

14 *i.* An electric utility shall provide a subscriber
15 organization a report each month in a standardized electronic
16 format detailing the total value of bill credits generated by the
17 subscriber organization's community solar facility in the prior
18 month and the amount of bill credits applied to each subscriber.

19 *j.* A subscriber organization may accumulate bill credits if
20 all of the electricity generated by a community solar facility
21 is not allocated to subscribers in a given month. On an annual
22 basis, the subscriber organization shall furnish to the electric
23 utility whose service territory includes the location of the
24 subscriber organization's community solar facility instructions
25 for distributing accumulated bill credits to subscribers.
26 The electric utility shall apply accumulated credits to a
27 subscriber's electric utility account in accordance with section
28 476.49. Any credits not distributed to subscribers annually will
29 be forfeited.

30 *k.* Any renewable energy credits created from the production
31 of electricity in a community solar facility are the property
32 of the subscriber organization that owns or operates the
33 community solar facility. The subscriber organization may sell,
34 accumulate, retire, or distribute to subscribers the renewable
35 energy credits of the subscriber organization.

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

3 a. Reasonably allow for the creation and financing of
4 community solar facilities.

5 b. Allow all customer classes to participate as subscribers
6 to a community solar facility, and ensure participation
7 opportunities for all customer classes.

8 c. Prohibit removing a customer from the customer's
9 applicable customer class due to the customer subscribing to a
10 community solar facility.

11 d. Reasonably allow for the transferability and portability
12 of subscriptions, including allowing a subscriber to retain a
13 subscription to a community solar facility if the subscriber
14 moves within the same investor-owned electric utility's service
15 territory.

16 e. Modify existing interconnection standards, fees, and
17 processes as needed to facilitate the efficient and
18 cost-effective interconnection of community solar facilities
19 and that allow an electric utility to recover reasonable
20 interconnection costs for each community solar facility.

21 f. Provide for consumer protection in accordance with
22 existing laws.

23 g. Allow an electric utility to recover costs of applying
24 bill credits under this section.

25 h. Require electric utilities to efficiently connect
26 community solar facilities to the electrical distribution grid
27 and not discriminate against community solar facilities.

28 i. Require a subscriber organization to satisfy
29 interconnection process benchmarks, demonstrate site control, and
30 obtain all applicable nonministerial permits for a community
31 solar facility before the subscriber organization owns or
32 operates the facility.

33 4. a. Not later than eighteen months after a community solar
34 facility has ceased generating electricity, except for instances
35 when the owner is actively working to recommence production of

1 electricity, including instances following the occurrence of a
2 force majeure or similar event, the owner of the community solar
3 facility shall commence decommissioning of the facility.

4 b. Unless the property owner authorizing the community
5 solar facility to operate on the property and the owner
6 of the community solar facility mutually agree in writing
7 on an alternative condition for restoring the property, the
8 decommissioning plan for the community solar facility shall
9 include all of the following:

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

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

14 (3) Restoration of the property to a condition reasonably
15 similar to its condition before the commencement of construction,
16 except for ordinary wear and degradation and any changes to the
17 condition of the property caused by or at the request of the
18 property owner.

19 (4) To the extent practicable and seasonally appropriate, at
20 the request of the property owner, reseeded, or causing the
21 reseeded of, any cleared areas on the property.

22 5. a. The owner of a community solar facility shall maintain
23 sufficient financial assurances in the form of a bond, a parent
24 company guaranty with a minimum investment grade credit rating
25 for the parent company issued by a major domestic credit rating
26 agency, or a letter of credit to provide for decommissioning.

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

31 c. Decommissioning and salvage value costs shall be
32 calculated by an independent professional engineer at the expense
33 of the owner of the community solar facility.

34 Sec. 4. IMPLEMENTATION OF TARIFFS. By January 1, 2026, an
35 electric utility, as defined in section 476.50, as enacted by

1 this Act, shall file new or updated tariffs, if applicable, to
2 implement any necessary changes resulting from this Act.

3 EXPLANATION

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

6 This bill establishes a community solar facility program.

7 The bill specifies that an "electric utility" for purposes
8 of the bill is a public utility that provides electricity to
9 the public for compensation and is required to be rate-regulated
10 under Code chapter 476. The bill defines "brownfield site"
11 to mean an abandoned, idled, or underutilized industrial
12 or commercial facility where expansion or redevelopment is
13 complicated by real or perceived environmental contamination,
14 but not including property that has been placed, or is proposed
15 for placement, on the national priorities list established
16 pursuant to the federal Comprehensive Environmental Response,
17 Compensation, and Liability Act. The bill defines "community
18 solar facility" to mean a distributed generation facility that
19 generates electricity through solar panels whereby subscribers
20 may receive bill credits for the electricity generated in
21 proportion to the size of the customer's subscription. The bill
22 defines "subscriber" to mean a customer of an electric utility
23 who owns at least one share of a subscription to a community
24 solar facility. A "subscriber organization" is a for-profit or
25 nonprofit entity that owns or operates one or more community
26 solar facilities. The bill defines "subscription" to mean a
27 proportional contractual interest in a community solar facility.
28 The bill establishes a community solar facility program to
29 encourage and enhance solar energy generation and the ability of
30 electric public utility customers to participate in and derive
31 benefit from alternate solar energy projects.

32 The bill requires an electric utility to bill subscribers
33 in accordance with billing methods established pursuant to Code
34 section 476.49.

35 The bill requires an electric utility to review its

1 interconnection processes with community solar facilities to
2 ensure adequacy, efficiency, and cost-effectiveness and to
3 allow an investor-owned electric utility to recover reasonable
4 interconnection costs. The bill allows a subscriber to include
5 all of the subscriber's electricity meters in the community solar
6 facility. The bill provides that a community solar facility may
7 be owned by investors. The bill provides specific procedures
8 and requirements for the administration of bill credits and
9 subscriber information.

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

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

16 The bill requires an electric utility to file new or updated
17 tariffs, if applicable, by January 1, 2026, to implement any
18 necessary changes resulting from the bill.