

House Study Bill 630 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
COMMERCE BILL BY CHAIRPERSON
YOUNG)

A BILL FOR

- 1 An Act relating to customer-based energy, including power plants
- 2 and energy storage.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. Section 474.1, subsections 3 and 4, Code 2026, are
2 amended to read as follows:

3 3. The utilities commission shall regulate and supervise
4 public utilities operating in the state. The commission shall
5 enforce and implement chapters 476, 476A, 476E, 477C, 478, 479,
6 479A, and 479B and shall perform other duties assigned to it by
7 law.

8 4. As used in this chapter and chapters 475A, 476, 476A,
9 476E, 477A, 477C, 478, 479, 479A, and 479B, "commission" and
10 "utilities commission" mean the Iowa utilities commission.

11 Sec. 2. NEW SECTION. **476E.1 Definitions.**

12 For purposes of this chapter:

13 1. "*Customer-based energy storage company*" means a company
14 that provides power to a customer through an energy storage
15 system. A customer-based energy storage company shall not be
16 considered an electric utility or any other type of public
17 utility if it meets all of the following criteria:

18 a. Does not use energy from the electric grid during peak
19 energy times as defined by the commission.

20 b. If the company produces electricity, a portion of the
21 electricity is stored for use during peak energy times such that
22 the company can demonstrate to the commission that the use of
23 such electricity produces an overall benefit to nonparticipating
24 customers.

25 c. Is certified by the commission.

26 2. "*Customer-based power plant*" means a system that
27 aggregates, manages, and optimizes distributed energy resources,
28 including but not limited to solar panels, wind turbines, battery
29 storage, and controllable loads, to operate collectively as a
30 single entity within the electric grid for the purposes of energy
31 supply, demand response, and ancillary services.

32 3. "*Distributed energy resource*" means any
33 electricity-producing resource or controllable load that is
34 interconnected at the distribution level of the electric grid
35 of a public utility, including renewable energy systems, energy

1 storage devices, and demand response capabilities.

2 4. "Operator" means any individual, entity, or organization
3 that owns, operates, or manages a customer-based electric
4 generating facility within the state of Iowa.

5 5. "Public utility" means the same as defined in section
6 476.1.

7 Sec. 3. NEW SECTION. **476E.2 Customer-based power plants.**

8 1. The purpose of this section is to facilitate the
9 deployment and operation of customer-based power plants within
10 the state of Iowa, to establish a clear and comprehensive
11 regulatory framework, to safeguard the interests of all
12 stakeholders, and to promote innovation and grid resilience
13 through distributed energy resources.

14 2. a. Customer-based power plant operators shall maintain
15 ongoing coordination with public utilities regarding scheduling,
16 dispatch, and emergency protocols.

17 b. The commission shall establish operational protocols for
18 customer-based power plants, including requirements for system
19 reliability, demand response participation, and provision of
20 ancillary service.

21 3. A customer-based power plant shall only operate within
22 the geographic territory of a public utility subject to rate
23 regulation under chapter 476.

24 4. Customer-based power plant operators shall implement
25 safeguards to protect consumer data against unauthorized access,
26 disclosure, or misuse. The commission shall promulgate minimum
27 cybersecurity standards for customer-based power plant operators
28 to ensure the integrity and resilience of customer-based power
29 plant systems and associated data. Customer-based power plant
30 operators must obtain informed consent from consumers before
31 collecting, using, or sharing consumer data, and must provide
32 mechanisms for consumers to access and correct their data.

33 5. a. The commission shall establish a process to certify
34 a customer-based power plant. The process shall demonstrate
35 technical competence, financial stability, cybersecurity

1 measures, and an ability to comply with all relevant laws and
2 regulations.

3 b. The commission may approve and oversee pilot programs
4 to evaluate innovative customer-based power plant models and
5 technologies, and shall report any findings to the general
6 assembly.

7 c. The commission shall adopt rules necessary to implement
8 this chapter. The rules adopted shall include the following:

9 (1) Technical standards and reporting requirements of
10 customer-based power plants.

11 (2) Penalties, including suspension or revocation of a
12 certification for noncompliance.

13 Sec. 4. NEW SECTION. **476E.3 Customer-based energy**
14 **storage.**

15 1. A customer-based energy storage company may do any of the
16 following:

17 a. Purchase power during nonpeak times through a market-based
18 tariff to compensate for any distribution or transmission use.

19 b. Sell power during peak times through a market-based tariff
20 to compensate for any distribution or transmission use.

21 c. Notwithstanding section 476.25, provide any portion of
22 power to a customer located in the geographic territory of a
23 public utility subject to rate regulation under chapter 476.

24 2. A public utility shall not discriminate against a customer
25 who is a customer of a customer-based energy storage company.

26 3. The commission may approve and oversee pilot programs
27 to evaluate innovative customer-based energy storage models and
28 technologies, and shall report any findings to the general
29 assembly.

30 4. The commission shall adopt rules necessary to implement
31 this section. The rules adopted shall include the following:

32 a. Determination of peak energy times, technical standards,
33 and reporting requirements.

34 b. A market-based tariff pursuant to this chapter.

35 The tariff shall be constructed to benefit nonparticipating

1 ratepayers.

2 c. A process to certify customer-based energy storage
3 companies. The process shall demonstrate technical competence,
4 financial stability, cybersecurity measures, and an ability to
5 comply with all relevant laws and regulations.

6 d. Penalties, including suspension or revocation of a
7 certification for noncompliance.

8 Sec. 5. NEW SECTION. **476E.4 New tariffs — demand**
9 **management.**

10 1. If more than thirty months have passed since the
11 commission has entered an order in a rate-review proceeding, the
12 following parties may request a new tariff:

13 a. The office of consumer advocate.

14 b. A user or aggregation of users with a generating capacity
15 of at least fifteen megawatts.

16 2. A request for a new tariff under this section must meet
17 both of the following criteria:

18 a. Encourages the reduction of peak energy demand.

19 b. The value of the potential reduction of peak energy demand
20 for nonparticipating customers exceeds the cost in projected lost
21 revenue.

22 EXPLANATION

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

25 This bill relates to customer-based energy, including power
26 plants and energy storage.

27 The bill defines "customer-based energy storage company" as
28 a company that provides power to a customer through an energy
29 storage system and provides that the company is not considered an
30 electric utility or any other type of public utility if it meets
31 certain criteria. The bill defines "customer-based power plant"
32 as a system that aggregates, manages, and optimizes distributed
33 energy resources to operate collectively as a single entity for
34 purposes that may include energy supply, demand response, and
35 ancillary services.

1 The bill requires operators of customer-based power plants
2 (CPPs) to maintain ongoing coordination with public utilities
3 regarding scheduling, dispatch, and emergency protocols. The
4 bill requires the Iowa utilities commission (commission) to
5 establish operational protocols for CPPs, including requirements
6 related to system reliability, participation in demand response
7 programs, and provision of ancillary services.

8 The bill requires CPPs to operate only within the geographic
9 territory of a public utility subject to rate regulation.

10 The bill requires CPP operators to implement safeguards to
11 protect consumer data from unauthorized access, disclosure, or
12 misuse. The bill requires the commission to adopt minimum
13 cybersecurity standards to ensure the integrity and resilience of
14 CPP systems and associated data. The bill requires operators to
15 obtain informed consent from consumers before collecting, using,
16 or sharing consumer data and to provide mechanisms for consumers
17 to access and correct their data.

18 The bill requires the commission to establish a process to
19 certify CPPs, requiring a demonstration of technical competence,
20 financial stability, cybersecurity measures, and compliance
21 with applicable laws and regulations. The bill authorizes
22 the commission to approve and oversee pilot programs to
23 evaluate innovative CPP models and technologies and requires the
24 commission to report the findings to the general assembly.

25 The bill authorizes a customer-based energy storage company
26 to purchase power during nonpeak times and sell power during
27 peak times through market-based tariffs to compensate for
28 distribution or transmission use. The bill provides that a
29 customer-based energy storage company may provide any portion of
30 power to a customer regardless of assigned service area laws and
31 regulations, provided the customer is located in the geographic
32 area of a public utility subject to rate regulation. The bill
33 prohibits a public utility from discriminating against a customer
34 who is served by a customer-based energy storage company. The
35 bill authorizes the commission to approve and oversee pilot

1 programs to evaluate innovative customer-based energy storage
2 models and technologies and requires reporting of the findings to
3 the general assembly.

4 The bill requires the commission to adopt rules necessary to
5 implement the bill. The rules must address technical standards
6 and reporting requirements for CPPs, determination of peak energy
7 times, a market-based tariff designed to benefit nonparticipating
8 ratepayers, certification of customer-based energy storage
9 companies, and the establishment of penalties for noncompliance,
10 including suspension or revocation of certifications.

11 The bill provides that if more than 30 months have
12 passed since the commission entered an order in a rate-review
13 proceeding, the office of consumer advocate or a user or
14 aggregation of users with a generating capacity of at least
15 15 megawatts may request a new tariff. The bill requires a
16 requested tariff to encourage the reduction of peak energy demand
17 and the value of the potential reduction of peak energy demand
18 for nonparticipating customers to exceed the cost of projected
19 lost revenue.