

**Senate File 2273 - Introduced**

SENATE FILE 2273

BY REICHMAN

**A BILL FOR**

1 An Act relating to the regulation of public utilities, including  
2 rate filings, rate adjustment mechanisms, virtual power  
3 plants, and integrated resource planning.

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

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1 Section 1. Section 476.6, subsections 7 and 8, Code 2026, are  
2 amended to read as follows:

3 7. ~~Limitation on Frequency of filings.~~

4 a. A public utility shall not make a subsequent filing of  
5 an application for a new or changed rate, charge, schedule, or  
6 regulation ~~which~~ that relates to services for which a rate filing  
7 is pending within twelve months following the date the prior  
8 application was filed or until the commission has issued a final  
9 order on the prior application, whichever date is earlier, unless  
10 the public utility applies to the commission for authority and  
11 receives authority to make a subsequent filing at an earlier  
12 date.

13 b. Not later than July 1, 2029, and at least every three  
14 years thereafter, a public utility shall file a general rate case  
15 in which the commission shall confirm that the utility's rates,  
16 cost allocations, and all other provisions of its tariff are just  
17 and reasonable and based on each customer or customer group's  
18 actual cost of service. If, on July 1, 2026, a utility has not  
19 filed a general rate case since July 1, 2023, the utility shall  
20 file a new general rate case by December 31, 2027.

21 8. *Automatic adjustments.*

22 a. This Unless otherwise provided in this subsection, this  
23 chapter does not prohibit a public utility from making provision  
24 for the automatic adjustment of rates and charges for public  
25 utility service provided that a schedule showing the automatic  
26 adjustment of rates and charges is first filed with and approved  
27 by the commission.

28 b. A Unless otherwise provided in this subsection, a public  
29 utility may automatically adjust rates and charges to recover  
30 costs related to transmission incurred by or charged to the  
31 public utility consistent with a tariff or agreement that is  
32 subject to the jurisdiction of the federal energy regulatory  
33 commission, provided that a schedule showing the automatic  
34 adjustment of rates and charges is first filed with and approved  
35 by the commission. The commission shall adopt rules regarding

1 the reporting of transmission expenses and transmission-related  
2 activity pursuant to this paragraph.

3 c. This subchapter prohibits an electric utility required  
4 to be rate-regulated from making provisions for the automatic  
5 adjustment of rates and charges for a public utility.

6 d. An electric utility required to be rate-regulated shall  
7 not automatically adjust rates and charges to recover costs  
8 related to transmission incurred or charged to the public  
9 utility.

10 e. For an electric utility required to be rate-regulated,  
11 as of the first filing under subsection 7, paragraph "b", and  
12 continuing thereafter, any cost or expense recovered through  
13 an automatic adjustment mechanism, tracker, or rider shall  
14 be included and only adjusted in a general rate case under  
15 subsection 7, paragraph "b".

16 Sec. 2. Section 476.53, subsection 2, Code 2026, is amended  
17 by adding the following new paragraph:

18 NEW PARAGRAPH. c. Customer-owned generation and storage is  
19 vital to cost-effectively meeting rising demand for electricity.  
20 Virtual power plants are a collection of customer-owned  
21 distributed generation resources and energy storage devices  
22 managed and dispatched by a common control mechanism, which may  
23 only be located in the service territory of a rate-regulated  
24 electric utility. Virtual power plants shall not be considered  
25 public utilities under this chapter. The commission shall  
26 promulgate rules that provide a process and standards for the  
27 commission's approval and oversight of virtual power plants,  
28 including information the commission finds necessary for the  
29 evaluation of a virtual power plant proposal. Such information  
30 shall include the nature of the resources that may participate  
31 in a virtual power plant, the entities who may propose virtual  
32 power plants, and the estimated benefits to customers in the  
33 service territory in which the virtual power plant will operate.  
34 The commission shall not approve or continue to allow the  
35 operation of a virtual power plant if the virtual power plant

1 does not, under standards established by the commission, benefit  
2 the customers in the service territory in which the virtual power  
3 plant operates.

4 Sec. 3. NEW SECTION. **476.53B Integrated resource**  
5 **planning.**

6 1. To implement the intent of the general assembly as set  
7 forth in sections 476.53 and 476.53A, each rate-regulated public  
8 utility shall file with the commission an integrated resource  
9 plan every three years, with the first plan due July 1, 2027.  
10 The commission shall promulgate rules for the development and  
11 evaluation of integrated resource plans. At a minimum, the rules  
12 shall include all of the following:

13 a. A process under which a utility files a new plan every  
14 three years that includes a five-year and a twenty-year planning  
15 horizon.

16 b. A quantitative comparative analysis of multiple resource  
17 mixes to serve anticipated customer needs using industry best  
18 practices, including capacity expansion and production cost  
19 modeling that include all of the following for both planning  
20 horizons:

21 (1) Existing and potential generating resources needed to  
22 serve customers, including competitively procured purchase power  
23 agreements and market purchase.

24 (2) The process for determining the forecast projects, costs,  
25 and other inputs and assumptions to be used in an integrated  
26 resource plan by all parties. It is the intent of the general  
27 assembly that the utilities use uniform scenarios, inputs,  
28 assumptions, and sources of data.

29 (3) An assessment of customer costs and seasonal reliability.

30 (4) Resources including energy efficiency, demand response,  
31 peak load conservation, and distributed generation plans, as  
32 described elsewhere in this chapter, that will assist in meeting  
33 energy and capacity needs.

34 (5) A utility's energy and capacity forecasts, for existing  
35 and potential generating resources, as described elsewhere in

1 this chapter, including filings made with any federal or regional  
2 authority. The forecast shall include but is not limited to  
3 a forecast of the requirements of customers, its anticipated  
4 sources of supply, and its anticipated means of addressing the  
5 forecasted electric generating needs.

6 (6) Transmission and distribution upgrades and expansion  
7 plans needed to reliably serve the utility's customers and  
8 integrate each potential resource, and the associated costs  
9 of such plans in connection with the various resource mixes  
10 proposed.

11 c. Determination of eligibility for access to modeling  
12 software and data, including access to appropriate data from  
13 the utilities' production cost model scenarios. The commission  
14 may determine the number of parties eligible for access to the  
15 modeling software.

16 d. The ability of parties eligible for access to the modeling  
17 software license to have at least four alternative scenarios  
18 and a process to best balance and represent the input of the  
19 respective parties. The alternative scenarios will be included  
20 on equal footing with utility scenarios.

21 e. Annual reporting on the performance of the plan and any  
22 nonmaterial updates.

23 f. Mechanisms for the utility to make, or for the commission,  
24 the office of consumer advocate, or customers to request, updates  
25 or modifications to the plan to reflect material changes.

26 g. Other rules for the development and evaluation of  
27 integrated resource plans the commission deems necessary or  
28 appropriate.

29 2. The commission shall ensure the public has maximum access  
30 to information, while protecting only the necessary confidential  
31 information of the utility. The commission shall require a  
32 uniform nondisclosure agreement that allows as much access as  
33 possible to data and information, including that data deemed by  
34 the commission as confidential.

35 3. Any proposed deviation from an integrated resource plan

1 must be demonstrated by the utility to be in the best interest of  
2 customers when rate recovery or other approval of the generation  
3 facility is sought.

4 4. The commission may employ additional temporary staff, or  
5 may contract for professional services with persons who are not  
6 state employees, as the commission deems necessary to perform  
7 required functions as provided in this section, including but not  
8 limited to promulgating rules for the development and evaluation  
9 of resource plans. The costs of the additional staff and  
10 services shall be assessed to the utilities pursuant to the  
11 procedure in sections 475A.6 and 476.10.

12 EXPLANATION

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

15 This bill relates to the regulation of public  
16 utilities, including rate filings, rate adjustment mechanisms,  
17 customer-owned resources, virtual power plants, and integrated  
18 resource planning.

19 The bill requires each public utility, no later than July  
20 1, 2029, and at least every three years thereafter, to file  
21 a general rate case in which the Iowa utilities commission  
22 (commission) must confirm that rates, cost allocations, and other  
23 provisions of the utility's tariff are just and reasonable and  
24 based on actual cost of service. Utilities that have not filed  
25 a general rate case since July 1, 2023, are required to file a  
26 general rate case by December 31, 2027.

27 Under current law, a public utility is permitted to make  
28 provisions for the automatic adjustment of rates and charges  
29 provided certain criteria are met. The bill prohibits the use  
30 of automatic adjustment provisions for electric utilities subject  
31 to rate regulation. For electric utilities subject to rate  
32 regulation, beginning with the first general rate case filed  
33 under the bill, the bill requires costs or expenses recovered  
34 through automatic adjustment mechanisms, trackers, or riders to  
35 be included and adjusted only through a general rate case.

1 The bill recognizes that customer-owned generation and  
2 storage is vital to cost-effectively meeting rising demand  
3 for electricity. The bill describes virtual power plants as  
4 collections of customer-owned distributed generation and energy  
5 storage resources managed by a common control mechanism within  
6 a utility's service territory. The bill provides that virtual  
7 power plants are not public utilities and requires the commission  
8 to adopt rules establishing standards and processes for approval  
9 and oversight. The bill prohibits the commission from approving  
10 or allowing continued operation of a virtual power plant if the  
11 virtual power plant does not benefit customers in the service  
12 territory.

13 The bill requires each rate-regulated public utility to file  
14 an integrated resource plan every three years, with the first  
15 plan due July 1, 2027. The bill directs the commission to adopt  
16 rules governing the development and evaluation of integrated  
17 resource plans. The plans must include 5-year and 20-year  
18 planning horizons and a quantitative comparative analysis of  
19 multiple resource mixes to serve anticipated customer needs using  
20 industry best practices. The rules adopted by the commission  
21 must also address a determination of eligibility for access to  
22 modeling software and data, including the ability for eligible  
23 parties to have alternative scenarios and a process to best  
24 balance and represent the input of the respective parties. The  
25 bill provides the rules adopted must also include requirements  
26 for annual reporting on plan performance, as well as mechanisms  
27 for plan updates or modifications in response to material  
28 changes and any other rule for the development and evaluation  
29 of integrated resource plans the commission deems necessary or  
30 appropriate.

31 The bill directs the commission to maximize public access  
32 to information while protecting only necessary confidential  
33 information through uniform disclosure agreements. The bill  
34 requires any deviation from an integrated resource plan to be  
35 demonstrated to be in the best interest of the customers when

1 rate recovery approval is sought.

2 The bill allows the commission or consumer advocate to employ  
3 additional staff or contract for professional services with  
4 persons who are not state employees for the development of  
5 rules for the filing and review of resource plans or to aid  
6 the commission in the review and approval, disapproval, or  
7 modification of a plan. The costs of the additional staff  
8 services shall be assessed to the utilities.

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