

Senate Study Bill 1112 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED GOVERNOR BILL)

A BILL FOR

1 An Act relating to energy systems by modifying electric
2 power generation, energy storage, and transmission
3 facility ratemaking principles, creating tariffs for public
4 utility innovation programs, implementing land restoration
5 standards, including right of first refusal, modifying
6 the energy infrastructure revolving loan program, and
7 creating regulations for anaerobic digester systems, making
8 appropriations, providing penalties, and including effective
9 date and applicability provisions.
10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

ELECTRIC POWER GENERATION, ENERGY STORAGE, AND TRANSMISSION
FACILITY RATEMAKING PRINCIPLES

Section 1. Section 476.25, subsection 2, Code 2025, is amended to read as follows:

2. Contracts between electric utilities to designate service areas and customers to be served by the electric utilities or for the exchange of customers between electric utilities, when approved by the commission, shall be valid and enforceable and shall be incorporated into the appropriate exclusive service areas established pursuant to subsection 1 of this section. The commission shall approve a contract if it finds that the contract will eliminate or avoid unnecessary duplication of facilities, will provide adequate electric service to all areas and customers affected, will promote the efficient and economical use and development of the electric systems of the contracting electric utilities, and is in the public interest. The commission shall also approve a contract if it finds that the contract will promote economic development within the state.

Sec. 2. NEW SECTION. **476.52A Definitions.**

As used in this subchapter unless the context otherwise requires:

1. "Alternate energy production facility" means the same as defined in section 476.42.

2. "Energy storage" means any system, equipment, facility, or technology that is capable of absorbing energy, storing the energy for a period of time, and dispatching the energy through one of the following manners:

a. Using mechanical, electrochemical, thermal, electrolysis, or other processes to convert and store electric energy that was generated at an earlier time for use at a later time.

b. Using mechanical, electrochemical, biochemical, or thermal processes to convert and store energy generated from mechanical processes that would otherwise be wasted for delivery at a later time.

1 c. Storing energy in an electric, thermal, or gaseous state
2 for direct use for heating or cooling at a later time in a manner
3 that avoids the need to use electricity or other fuel sources at
4 that later time, such as a grid-enabled water heater.

5 3. "Nuclear reactor" means an apparatus designed to produce
6 electrical or heat energy through sustained nuclear fission in a
7 self-supporting chain reaction.

8 4. "Repowering" means either the complete dismantling and
9 replacement of generation equipment at an existing project site,
10 or the installation of new parts and equipment to an existing
11 alternate energy production facility in order to increase energy
12 production, reduce load, increase service capacity, improve
13 project reliability, or extend the useful life of the facility.

14 Sec. 3. Section 476.53, subsection 1, Code 2025, is amended
15 to read as follows:

16 1. It is the intent of the general assembly to attract
17 the development of electric power generating, energy storage,
18 and transmission facilities within the state in sufficient
19 quantity to ensure reliable electric service to Iowa consumers,
20 ensure an adequate base load, and provide economic benefits to
21 the state. Ensuring reliable electric service and providing
22 economic benefits may require public utilities to consider
23 diverse electric power generating technologies and energy storage
24 technologies, including alternate energy production facilities,
25 nuclear reactors, and energy storage facilities. It is also
26 the intent of the general assembly to encourage rate-regulated
27 public utilities to consider altering existing electric power
28 generating facilities, ~~where~~ when reasonable, to manage carbon
29 emission intensity in order to facilitate the transition to a
30 carbon-constrained environment. It is also the intent of the
31 general assembly to encourage the development of nuclear electric
32 power generation within the state using nuclear reactors and to
33 use nuclear power to meet local and regional electric needs.

34 Sec. 4. Section 476.53, subsection 3, paragraphs a, b, c, and
35 d, Code 2025, are amended to read as follows:

1 a. ~~The commission shall specify in advance, by order issued~~
2 ~~after~~ conduct a contested case proceeding, ~~the ratemaking~~
3 ~~principles that will apply when the costs of the electric power~~
4 ~~generating facility or alternate energy production facility are~~
5 ~~included in regulated electric rates whenever a rate-regulated~~
6 ~~public utility does~~ seeks ratemaking principles for any of the
7 following:

8 (1) (a) ~~Files an application pursuant to section 476A.3~~
9 ~~to construct~~ The costs of constructing in Iowa a baseload an
10 electric power generating facility with a nameplate generating
11 capacity equal to or greater than three hundred forty megawatts
12 or a combined-cycle electric power generating facility, or an
13 alternate energy production facility as defined in section
14 476.42, or an energy storage facility, or the construction costs
15 to significantly alter an existing electric power generating
16 facility, alternate energy production facility, or energy storage
17 facility. For purposes of this subparagraph, a significant
18 alteration of an existing generating facility, alternate energy
19 production facility, or energy storage facility must, in order to
20 qualify for establishment of ratemaking principles, fall into one
21 of the following categories:

22 (i) ~~Conversion of a coal-fueled~~ an electric power generating
23 facility into a gas fueled to an alternate fuel type for the
24 electric power generating facility.

25 (ii) ~~Addition of carbon capture and storage facilities at a~~
26 coal-fueled to an existing electric power generating facility.

27 (iii) ~~Addition of gas-fueled capability to a coal-fueled~~
28 facility, in order to convert the facility to one that will
29 rely primarily on gas for future generation facilities to capture
30 exhaust heat and thereby generate additional electric power at an
31 existing electric power generating facility.

32 (iv) ~~Addition of a biomass-fueled capability to a coal-fueled~~
33 facility.

34 (v) ~~(iv)~~ (iv) Repowering of an alternate energy production
35 facility. For purposes of this subparagraph subdivision,

1 ~~"repowering" shall mean either the complete dismantling and~~
2 ~~replacement of generation equipment at an existing project site,~~
3 ~~or the installation of new parts and equipment to an existing~~
4 ~~alternate energy production facility in order to increase energy~~
5 ~~production, reduce load, increase service capacity, improve~~
6 ~~project reliability, or extend the useful life of the facility.~~

7 (v) Addition of energy storage at an existing electric power
8 generating facility, alternate energy production facility, or
9 energy storage facility.

10 (b) With respect to a significant alteration of an existing
11 generating facility, ~~an original facility shall not be required~~
12 ~~to be either a baseload or a combined-cycle facility. Only~~
13 only the incremental investment undertaken by a utility under
14 subparagraph division (a), subparagraph subdivision (i), (ii),
15 or (iii), or (iv) shall be eligible to apply the ratemaking
16 principles established by the order issued pursuant to paragraph
17 "e". Facilities for which ~~advanced~~ advance ratemaking principles
18 are obtained pursuant to this section shall not be subject
19 to a subsequent commission review pursuant to section 476.6,
20 subsection 19, to the extent that the investment has been
21 considered by the commission under this section. To the
22 extent an eligible utility has been authorized to make capital
23 investments subject to section 476.6, subsection 19, such
24 investments shall not be eligible for ratemaking principles
25 pursuant to this section.

26 (2) ~~Leases or owns~~ When leased or owned in Iowa, in whole
27 or in part, a new ~~baseload~~ electric power generating facility
28 with a nameplate generating capacity equal to or greater than
29 ~~three hundred~~ forty megawatts ~~or a combined-cycle electric power~~
30 ~~generating,~~ a new energy storage facility, or a new alternate
31 energy production facility as defined in section 476.42.

32 b. If the commission finds that the utility's application
33 meets the requirements of paragraph "c", the commission shall
34 specify by order issued after the contested case proceeding the
35 ratemaking principles that will apply when the costs of the

1 electric power generating facility or alternate energy production
2 facility are included in regulated electric rates.

3 In determining the applicable ratemaking principles, the
4 commission shall not be limited to traditional ratemaking
5 principles or traditional cost recovery mechanisms. Among
6 the principles and mechanisms the commission may consider, the
7 commission has the authority to approve ratemaking principles
8 proposed by a rate-regulated public utility that provide for
9 reasonable restrictions upon the ability of the public utility
10 to seek a general increase in electric rates under section 476.6
11 for at least three years after the generating facility begins
12 providing service to Iowa customers.

13 c. In determining the applicable ratemaking principles, the
14 commission shall make the following findings:

15 (1) The rate-regulated public utility has in effect a
16 commission-approved energy efficiency plan as required under
17 section 476.6, subsection 15.

18 (2) The rate-regulated public utility has demonstrated to the
19 commission that the public utility has considered other sources
20 for long-term electric supply and that the facility or lease is
21 reasonable when compared to other feasible alternative sources of
22 supply. The rate-regulated public utility shall provide support
23 of reasonability with an electric utility resource plan pursuant
24 to section 476.53C that has been updated no more than twenty-four
25 months prior to the filing of the public utility's application.

26 d. ~~The applicable ratemaking principles shall be determined~~
27 ~~in a contested case proceeding, which proceeding~~ required by
28 paragraph "a" may be combined with the proceeding for issuance
29 of a certificate conducted pursuant to chapter 476A.

30 Sec. 5. NEW SECTION. **476.53B Commission authority and**
31 **proceedings.**

32 The commission shall adopt rules pursuant to chapter 17A to
33 provide for the completion of proceedings under section 476.53
34 within ten months after the date of the filing of an application
35 under section 476.53, subsection 3. The rules shall include

1 reasonable time limitations for the submission or completion of
2 comments and testimony, and exhibits, briefs, and hearings, and
3 may provide for the granting of additional time upon the request
4 of a party to the proceeding for good cause shown.

5 Sec. 6. NEW SECTION. **476.53C Electric utility resource**
6 **planning.**

7 1. An electric utility required to be rate-regulated by
8 the commission shall file a resource plan at least once every
9 five years. A resource plan shall consider all reasonable
10 resources proposed by the utility for meeting the probable future
11 demand for energy, including supply resources and conservation
12 and management of demand. For conservation and management
13 of demand, an electric utility's resource plan shall include
14 programs approved in the electric utility's most recent energy
15 efficiency plan approved by the commission under section 476.6,
16 subsection 15. The objectives of a resource plan include but
17 are not limited to adequate, cost-effective, and reliable energy
18 service considering costs, fuel diversity, and probable future
19 demand for energy. A resource plan shall not require a specific
20 outcome or specific investment decisions. A resource plan shall
21 reflect the circumstances and management judgment of an electric
22 utility. This section does not restrict an electric utility from
23 making planning decisions based on future resource needs subject
24 to the ratemaking oversight of the commission.

25 2. The commission shall review a resource plan. Within
26 ninety days of filing the final resource plan, the commission
27 shall issue an order acknowledging it has received the plan.
28 In the order acknowledging receipt, the commission may provide
29 recommendations to an electric utility regarding any additional
30 analyses or actions that the electric utility should consider
31 completing in its next resource plan.

32 3. The commission shall adopt rules pursuant to chapter 17A
33 regarding the timeline and stakeholder process to review and
34 provide comments on the resource plan. The stakeholder process
35 shall include the electric utility organizing and facilitating a

1 stakeholder conference for the resource plan. The stakeholder
2 conference shall include representatives of the commission, the
3 consumer advocate, and the electric utility's customers. The
4 electric utility shall make a good faith effort to inform and
5 consider input from the commission, the consumer advocate, and
6 stakeholders.

7 DIVISION II

8 TARIFFS FOR PUBLIC UTILITY INNOVATION PROGRAMS

9 Sec. 7. Section 476.6, Code 2025, is amended by adding the
10 following new subsection:

11 NEW SUBSECTION. 22. *Innovative utility programs.*

12 a. It is the intent of the general assembly to encourage
13 public utilities to pursue innovation in pricing and programs
14 to meet the dynamic needs of current and prospective customers,
15 enable price-responsive solutions, and to provide economic,
16 environmental, employment, and other benefits to the state.
17 It is also the intent of the general assembly that these new
18 endeavors shall not negatively impact nonparticipating customers.
19 Therefore, the general assembly declares that innovative utility
20 programs are essential to further the attraction and retention
21 of customers to benefit the state's economy and to support
22 economical and sustainable energy production.

23 b. (1) A tariff authorized under this subsection shall
24 comply with all of the following conditions:

25 (a) A program created under the tariff shall be available to
26 interested energy customers and customer participation shall be
27 optional.

28 (b) A tariff shall define the eligible customer groups.

29 (c) An eligible customer group shall not exclude directly
30 competing customers in the same customer service territory. For
31 purposes of this subparagraph, "*directly competing customers*"
32 means customers that make the same end product or offer the same
33 service for the same general group of customers, and excludes
34 customers that only produce component parts of the same end
35 product.

1 (d) Participating customers shall bear all program costs.
2 Program costs include direct costs associated with the
3 construction, operation, maintenance, and interconnection of
4 facilities, including new transmission infrastructure directly
5 arising from the tariff program and costs related to the
6 implementation of tariff programs. Participants in a tariff
7 approved pursuant to this section shall participate in future
8 indirect costs allocated to customers of that utility without
9 regard for the existence of a tariff approved pursuant to this
10 section.

11 (e) A tariff shall not alter the existing base rates or
12 charges of the public utility. Refund, credit, or waiver of
13 existing base rates or charges offered as part of the program
14 shall not be considered an alteration of existing base rates or
15 charges.

16 (f) The program created under the tariff shall not negatively
17 impact nonparticipating customers. Additional costs incurred by
18 nonparticipating customers due to costs arising from the tariff,
19 tariff participants no longer sharing in customer class costs, or
20 decreased customer benefit from existing infrastructure shall be
21 considered negative impacts.

22 (2) A tariff authorized under this subsection may include any
23 of the following:

24 (a) Recovery of costs associated with program-specific
25 services or facilities, including but not limited to energy
26 storage, renewable hydrogen, transmission, electric generating
27 facilities, electric distribution facilities, renewable natural
28 gas generation facilities, renewable natural gas distribution
29 facilities, utility-assisted hourly prices, or liquefied natural
30 gas facilities, or administrative and other overhead costs
31 relating to the same.

32 (b) A negotiated rate of return, for new or existing
33 facilities or services provided by the electric utility that are
34 serving the program created under the tariff, applicable to the
35 program for its duration. The use of existing facilities would

1 require reconciliation of impact to existing customers and would
2 no longer be subject to previously approved advance ratemaking
3 principles. In the event that the tariff or its eligible
4 customer class cease to exist, no charges shall be imposed on
5 or costs recovered from existing customers unless approved in
6 a general rate case. A utility may seek to demonstrate the
7 prudence, necessity, and use and usefulness of program-specific
8 facilities or services as defined in subparagraph division (a)
9 and recovery of costs for the same in a general rate proceeding,
10 without any presumption regarding approval of such request.

11 (c) Application of the program to readily identifiable
12 customer usage patterns, customer characteristics, or output of
13 specified facilities.

14 (d) Assignment of program benefits, including nonmonetary
15 benefits that may derive from dynamically balancing supply
16 and demand, providing ancillary services, or the production of
17 renewable energy attributes.

18 (e) Refund, credit, or waive the base rate or charge for
19 the replaced service when the program created under the tariff
20 replaces a service for which the public utility collects an
21 existing base rate or charge. A participating customer shall pay
22 the costs of remaining services received from the public utility
23 unless those costs are refunded, credited, or waived under the
24 program created by the tariff.

25 (3) If a utility can demonstrate to the commission that
26 a proposed tariff generates excess revenue for the utility as
27 compared to total revenue without the tariff, such excess revenue
28 may be retained by the utility.

29 c. (1) A public utility's participation under this
30 subsection is not mandatory. A public utility that elects
31 to propose a tariff or tariff amendment under this subsection
32 shall file an application for approval with the commission.
33 The application shall include an identification of costs and
34 benefits related to the program for the commission's review of
35 the conditions specified in paragraph "b", subparagraph (1).

1 (2) Within thirty days, the commission shall approve, deny,
2 or docket for further review an application for a tariff or
3 amended tariff submitted pursuant to this subsection. If the
4 application is docketed for further review, the commission shall
5 render a decision within ninety days from the date of application
6 filing unless an objection has been filed with the commission.
7 If the application proposes to amend a tariff previously approved
8 under this subsection, the commission shall not reconsider
9 existing programs previously approved under the tariff unless
10 proposed as part of the amendment. All further review shall be
11 conducted as a contested case pursuant to chapter 17A.

12 (3) If the application proposes to amend a tariff previously
13 approved under this subsection as described in paragraph "b",
14 subparagraph (2), the commission shall act on the application as
15 described in subparagraph (2) of this paragraph, but shall not
16 reconsider existing programs previously approved under the tariff
17 unless proposed as part of the amendment.

18 (4) In the exercise of its authority under this subsection,
19 the commission shall not:

20 (a) Limit the number of applications a public utility may
21 file pursuant to this subsection.

22 (b) Deny a tariff because a public utility is subject to an
23 alternative regulatory mechanism, nor require a public utility
24 subject to an alternative regulatory mechanism to record the
25 revenues and costs associated with the program inconsistent
26 with the federal energy regulatory commission's uniform system
27 of accounts; provided, however, that this provision shall not
28 prohibit the utilities commission from denying a tariff if the
29 proposed tariff would result in detrimental treatment of other
30 customers, or require adjustment to the calculation of the
31 alternative regulatory mechanism to reflect the impact of an
32 approved tariff.

33 (c) Condition its approval on the public utility changing its
34 proposal if the public utility has not agreed to such changes.
35 This subparagraph division shall not be interpreted to prevent

1 the commission from identifying changes to the proposal that
2 might result in approval.

3 (5) Tariffs and programs approved pursuant to this subsection
4 shall be rebuttably presumed just and reasonable in any
5 subsequent general rate case proceeding.

6 d. The commission shall not condition approval or denial of a
7 tariff on final adoption of rules by the commission.

8 e. The commission shall adopt rules pursuant to chapter 17A
9 to implement this subsection.

10 Sec. 8. APPLICABILITY. This division of this Act applies
11 to a public utility filing an application with the utilities
12 commission for review of a tariff on or after the effective date
13 of this division of this Act.

14 DIVISION III

15 LAND RESTORATION — ELECTRIC TRANSMISSION LINES APPROVED BY
16 FEDERALLY REGISTERED PLANNING AUTHORITY TRANSMISSION PLANS

17 Sec. 9. Section 478.16, Code 2025, is amended to read as
18 follows:

19 **478.16 Electric transmission lines — federally registered**
20 **planning authority transmission plans.**

21 1. Development and investment in high-voltage transmission
22 is urgently needed to ensure the reliable, adequate, secure,
23 and stable delivery of electricity to consumers. To ensure
24 reliable electric service to the people of Iowa as a matter
25 of public policy, it is the intent of the general assembly to
26 express a preference for further investment in Iowa transmission
27 infrastructure by electric transmission owners who have already
28 dedicated significant resources to develop the infrastructure on
29 which Iowans rely and who are better able to provide reliable
30 electric service to local electric utilities and retail customers
31 in Iowa.

32 4. 2. As used in this section, unless the context otherwise
33 requires:

34 a. "Electric transmission line" means a high-voltage electric
35 transmission line located in this state with a capacity

1 voltage of one hundred kilovolts or more and any associated
2 electric transmission facility, including any substation or other
3 equipment located in this state.

4 b. "Electric transmission owner" means an individual or
5 entity ~~who, as of July 1, 2020, formed, located, or headquartered~~
6 in any state who owns and maintains an electric transmission
7 line in this state that is required for rate-regulated electric
8 utilities, municipal electric utilities, and rural electric
9 cooperatives ~~in this state~~ to provide electric service to the
10 public for compensation.

11 c. "Incumbent electric transmission owner" means ~~any an~~
12 individual or entity meeting the definition of the following:

13 (1) ~~A public utility or a municipally owned utility that~~
14 ~~owns, operates, and maintains an electric transmission line in~~
15 ~~this state.~~

16 (2) ~~An electric cooperative corporation or association or~~
17 ~~municipally owned utility that owns an electric transmission~~
18 ~~facility in this state and has turned over the functional control~~
19 ~~of such facility to a federally approved authority.~~

20 (3) ~~An an~~ "electric transmission owner" as defined in
21 paragraph "b" on or before July 1, 2024.

22 d. "Landowner" ~~means the same as defined in section 478.2~~
23 "Initial construction" means the construction necessary to
24 establish and place an electric transmission line into initial
25 operation.

26 e. "Load ratio share" means the amount, expressed as a
27 percentage, of a public power utility's electric load divided by
28 the total electric load in the applicable incumbent electric
29 transmission owner's pricing zone.

30 e. f. "Municipally owned utility" means a "city utility" as
31 defined in section 362.2, or an "electric power agency" as
32 defined in section 390.9 ~~which that~~ is comprised solely of cities
33 or solely of cities and other political subdivisions.

34 g. "Public power utility" means a municipally owned utility
35 or an electric cooperative corporation or association that

1 receives transmission service from an incumbent electric
2 transmission owner, or that is subject to regional cost
3 allocation for the electric transmission line, or both.

4 h. "Qualified individual" means someone who is capable and
5 knowledgable enough to determine compliance with the standards
6 set forth in this section.

7 ~~2.~~ 3. a. An incumbent electric transmission owner has the
8 right to construct, own, and maintain an electric transmission
9 line that has been approved for construction in a federally
10 registered planning authority transmission plan and ~~which~~ that
11 directly connects to an electric transmission facility owned by
12 the incumbent electric transmission owner. Where a proposed
13 electric transmission line would directly connect to electric
14 transmission facilities owned by two or more incumbent electric
15 transmission owners, each incumbent electric transmission owner
16 whose facility connects to the electric transmission line has the
17 right to construct, own, and maintain the electric transmission
18 line individually and equally. If an incumbent electric
19 transmission owner declines to construct, own, and maintain its
20 portion of an electric transmission line that would connect to
21 electric transmission facilities owned by two or more incumbent
22 electric transmission owners, then the other incumbent electric
23 transmission owner or owners that own an electric transmission
24 facility to which the electric transmission line connects has the
25 right to construct, own, and maintain the electric transmission
26 line individually.

27 b. An eligible incumbent electric transmission owner
28 exercising the right to construct, own, and maintain an electric
29 transmission line pursuant to paragraph "a" shall offer public
30 power utilities an opportunity to jointly own a portion of the
31 electric transmission line and such offer shall be in an amount
32 not less than a public power utility's load ratio share, pursuant
33 to a written agreement. Nothing in this section shall be
34 construed to prohibit an incumbent electric transmission owner
35 and a public power utility from agreeing to joint ownership of an

1 electric transmission line in an amount different than the public
2 power utility's load ratio share. A public power utility may
3 transfer or assign joint ownership rights acquired under this
4 section to another public power utility or group of public power
5 utilities by mutual consent of the eligible contracting parties.

6 c. An eligible incumbent electric transmission owner
7 exercising the right to construct, own, and maintain an electric
8 transmission line pursuant to paragraph "a" may contract with
9 another electric transmission owner or electric public utility as
10 defined in section 476.1 to jointly own a portion of the electric
11 transmission line pursuant to a written agreement.

12 d. For purposes of this section, a municipally owned utility
13 or an electric cooperative corporation or association may elect
14 to be an incumbent electric transmission owner or a public power
15 utility but cannot act as both with respect to a single
16 transmission line.

17 3. 4. If an electric transmission line has been approved for
18 construction in a federally registered planning authority
19 transmission plan, and the electric transmission line is not
20 subject to a right of first refusal in accordance with the tariff
21 of a federally registered planning authority and would otherwise
22 be subject to a competitive developer process, then within the
23 later of ninety days of approval for construction or ninety days
24 after enactment of this division of this Act, an incumbent
25 electric transmission owner, or owners if there is more than one
26 owner, that owns a connecting electric transmission facility
27 shall give written notice to the commission regarding whether the
28 incumbent electric transmission owner or owners intend to
29 construct, own, and maintain the electric transmission line. If
30 the incumbent electric transmission owner or owners give notice
31 of intent to construct the electric transmission line, the
32 incumbent electric transmission owner or owners shall follow the
33 applicable franchise requirements pursuant to this chapter. The
34 incumbent electric transmission owner shall update the notice to
35 construct an electric transmission line to include information

1 concerning the implementation of joint ownership as described in
2 subsection 3, paragraphs "b" and "c", within thirty days after a
3 written agreement has been reached between the parties. If the
4 incumbent electric transmission owner or owners give notice
5 declining to construct the electric transmission line, the
6 commission may determine whether another person may construct the
7 electric transmission line.

8 4. 5. For projects ~~where~~ for which an election to construct
9 an electric transmission line has been made under this section,
10 all of the following cost accountability measures shall apply:

11 a. Within thirty days after the issuance of a franchise
12 pursuant to this chapter for the electric transmission line, the
13 incumbent electric transmission owner or owners shall provide to
14 the commission an estimate of the cost to ~~construct~~ complete the
15 initial construction of the electric transmission line.

16 b. Until the initial construction of the electric
17 transmission line is complete, the incumbent electric
18 transmission owner or owners shall provide a quarterly report to
19 the commission, which shall include an updated estimate of the
20 cost to construct the electric transmission line, ~~and~~ an
21 explanation of changes in the cost estimate from the prior cost
22 estimate, and documentation that the incumbent electric
23 transmission owner or owners have used competitively bid
24 construction contracts that meet all the technical, commercial,
25 and other specifications, such as safety performance, that are
26 required by the incumbent electric transmission owner or owners
27 with respect to the initial construction of the electric
28 transmission line.

29 c. The consumer advocate appointed under section 475A.1 shall
30 have free access to documents, reports, and information submitted
31 to the commission pursuant to this subsection, consistent with
32 section 475A.4. To the extent relevant, the commission and the
33 consumer advocate may use the information for any purpose
34 properly within the scope of their respective duties including
35 but not limited to use in proceedings before the federal energy

1 regulatory commission to challenge the costs incurred by the
2 incumbent electric transmission owner. However, this subsection
3 does not create a private cause of action or complaint.

4 ~~5.~~ 6. This section shall not modify the authority of the
5 commission under this chapter, the rights of landowners under
6 this chapter, or the requirements, rights, and obligations
7 relating to the construction, maintenance, and operation of
8 electric transmission lines pursuant to this chapter.

9 ~~6.~~ 7. This section shall not apply to an electric
10 transmission line to be placed underground that has not been
11 approved for construction in a federally registered planning
12 authority transmission plan.

13 ~~7.~~ 8. The commission shall adopt rules pursuant to chapter
14 17A to administer this section, which shall include rules
15 regarding the restoration of agricultural lands following the
16 initial construction of an electric transmission line, as
17 specified in subsection 9.

18 9. The commission shall adopt rules to implement the
19 following requirements, which shall not apply within the
20 corporate limits of a city or to any construction, activity, or
21 electric transmission lines other than the initial construction
22 of an electric transmission line with a voltage of two hundred or
23 more kilovolts and for which an election to construct has been
24 made under this section:

25 a. An incumbent electric transmission owner shall repair a
26 damaged underground drain tile as soon as practicable during
27 construction of the electric transmission line. Permanent
28 repairs to the damaged underground drain tile shall be completed
29 as soon as practicable after the initial construction of the
30 electric transmission line is complete. The repairs made to the
31 damaged drain tile shall be of at least equal quality, size, and
32 flow capacity of the original drain tile.

33 b. Following the initial construction of an electric
34 transmission line, the incumbent electric transmission owner
35 shall remove from the easement area all rock larger than three

1 inches in average diameter not native to the soil of the
2 excavated land. The rock removed from the excavated land that
3 cannot be used to backfill shall be disposed of at a location and
4 in a manner agreed upon by the incumbent electric transmission
5 owner and the landowner.

6 c. Upon completion of construction activities on a property,
7 the incumbent electric transmission owner shall deep till
8 agricultural land, including right-of-way access points or roads
9 traversed by heavy construction equipment, to alleviate soil
10 compaction. The land shall be tilled at least eighteen inches
11 deep in land used for crop production and twelve inches deep in
12 other lands unless otherwise agreed to by the landowner.

13 d. Upon completion of the electric transmission line, the
14 incumbent electric transmission owner shall restore the soil
15 conservation practices and structures damaged during construction
16 of the electric transmission line to the elevation and grade
17 existing on the land prior to the construction. The soil used to
18 repair embankments intended to retain water shall be well
19 compacted. Any vegetation disturbed during construction shall be
20 reestablished, including cover crops when appropriate.

21 e. Following compaction of the land, agricultural land that
22 is not in row crop or small grain production at the time of
23 construction, including hay ground and land in conservation or
24 set-aside programs, shall be reseeded and a cover crop shall be
25 utilized when appropriate. Seeding for cover crops may be
26 delayed if the construction of the electric transmission line is
27 completed too late in the year for a cover crop to become
28 established and is not required if the land will be tilled in the
29 following year. The landowner may request ground cover to
30 prevent soil erosion in areas where construction on the electric
31 transmission line is completed if the season is not suitable for
32 seeding a cover crop.

33 f. Unless agreed upon by the incumbent electric transmission
34 owner and the landowner, the incumbent electric transmission
35 owner shall remove field entrances or temporary roads built for

1 the purpose of constructing the electric transmission line upon
2 the completion of the initial construction and restore the area
3 to its previous use.

4 g. An incumbent electric transmission owner shall use good
5 utility practices for constructing the electric transmission line
6 in wet conditions, such as electing to use matting or padding
7 when utilizing heavy equipment. An incumbent electric
8 transmission owner shall grade and till any rutted land to
9 restore, to the extent practicable, the original condition of the
10 land prior to the construction of the electric transmission line.
11 If agreed upon by the incumbent electric transmission owner and
12 the landowner, the landowner may repair any damage caused by
13 construction activities in wet conditions and the incumbent
14 electric transmission owner shall reimburse the landowner for the
15 reasonable cost incurred to repair the damage. If an incumbent
16 electric transmission owner utilizes heavy equipment in wetlands
17 or mudflats, mats or other measures shall be utilized to minimize
18 soil disturbance.

19 h. For each electric transmission line, the incumbent
20 electric transmission owner shall designate a point of contact
21 for inquiries or claims from an affected person. The designation
22 shall include a name, a telephone number, an email address, and
23 an address.

24 10. a. If an incumbent electric transmission owner and a
25 landowner dispute a potential violation of the restoration
26 standards provided in subsection 9, the commission may appoint a
27 qualified individual to inspect the property for compliance. If
28 the qualified individual determines that there has been a
29 violation of the applicable restoration standards, the commission
30 shall provide oral notice, followed by written notice, to the
31 incumbent electric transmission owner and the contractor
32 operating for the incumbent electric transmission owner and order
33 corrective action to comply with the restoration standards. The
34 incumbent electric transmission owner shall be responsible for
35 the costs of the corrective action.

1 b. If the incumbent electric transmission owner or the
2 contractor for the incumbent electric transmission owner does not
3 comply with a valid order for corrective action issued by the
4 commission, the commission may issue an order requiring
5 corrective action to be taken and may impose civil penalties
6 under section 478.29.

7 c. The commission shall instruct the inspector appointed by
8 the commission regarding the content of the statutes and rules
9 and the responsibility of the inspector to require restoration
10 conforming with the standards established in subsection 9.

11 11. a. A petitioner for a franchise for an electric
12 transmission line shall file with the petition a written land
13 restoration plan that documents how the requirements and rules of
14 subsection 9 will be met. The petitioner shall provide a copy of
15 the plan to all landowners of property that will be disturbed by
16 the initial construction.

17 b. Nothing in this section shall preclude the application of
18 provisions for protecting or restoring property that are
19 different than those prescribed in subsection 9, in rules adopted
20 under subsection 9, or in the land restoration plan, if the
21 alternative provisions are contained in agreements independently
22 executed by the incumbent electric transmission owner and the
23 landowner. Independent agreements for land restoration between
24 the incumbent electric transmission owner and the landowner shall
25 be in writing and provided to the commission.

26 c. The commission may by waiver allow variations from the
27 requirements of subsection 9 if the incumbent electric
28 transmission owner requesting a waiver satisfies the standards
29 set forth in section 17A.9A and if the alternative methods
30 proposed by the incumbent electric transmission owner would
31 restore the land to a condition as good as or better than as
32 provided for in subsection 9.

33 d. The commission may waive preparation of a separate land
34 restoration plan if the incumbent electric transmission owner
35 enters into an agricultural impact mitigation plan or similar

1 agreement with the appropriate agencies of this state that
2 satisfies the requirements of subsection 9. If a mitigation plan
3 or agreement is used to fully or partially meet the requirements
4 of a land restoration plan, the statement or agreement shall be
5 filed with the commission and shall be considered to be, or to be
6 part of, the land restoration plan for purposes of subsection 9.

7 12. Nothing in this section shall limit, expand, or otherwise
8 modify the rights of access and obligations for damages set forth
9 in section 478.17.

10 Sec. 10. Section 478.18, Code 2025, is amended to read as
11 follows:

12 **478.18 Supervision of construction — location.**

13 1. The utilities commission shall have power of supervision
14 over the construction of a transmission line and over its future
15 operation and maintenance, including inspections for compliance
16 with the standards adopted under section 478.16 after restoration
17 of the land is complete.

18 2. A transmission line shall be constructed near and parallel
19 to roads, to the right-of-way of the railways of the state,
20 or along the division lines of the lands, according to
21 the government survey, wherever the same is practicable and
22 reasonable, and so as not to interfere with the use by the
23 public of the highways or streams of the state, nor unnecessarily
24 interfere with the use of any lands by the occupant.

25 3. The utilities commission may contract a qualified
26 individual for the purpose of inspections authorized under
27 section 478.16. The reasonable cost of the inspection shall
28 be paid by the incumbent electric transmission owner. The
29 utilities commission shall instruct the inspector appointed by
30 the commission regarding the content of the statutes and rules
31 and the responsibility of the inspector to require restoration
32 conforming with the applicable standards established in section
33 478.16. For purposes of this section, "qualified individual"
34 means the same as defined in section 478.16.

35 Sec. 11. EFFECTIVE DATE. This division of this Act, being

1 d. Notwithstanding section 8.33, moneys appropriated in this
2 section that remain unencumbered or unobligated at the close of
3 the fiscal year shall not revert but shall remain available for
4 expenditure for the purposes designated until the close of the
5 succeeding fiscal year.

6 e. Notwithstanding section 12C.7, subsection 2, interest or
7 earnings on moneys in the fund shall be credited to the fund.

8 2. a. ~~The Iowa energy center~~ economic development authority
9 shall establish and administer an energy and water infrastructure
10 revolving loan program to encourage the development of energy and
11 water infrastructure within the state.

12 ~~b. An individual, business, rural electric cooperative, or~~
13 ~~municipal utility located and operating in this state shall be~~
14 ~~eligible for financial assistance under the program. With the~~
15 ~~approval of the Iowa energy center governing board established~~
16 ~~under section 15.120, subsection 2, the economic development~~
17 ~~authority shall determine the amount and the terms of all~~
18 ~~financial assistance awarded to an individual, business, rural~~
19 ~~electric cooperative, or municipal utility under the program.~~
20 ~~All agreements and administrative authority shall be vested~~
21 ~~in the Iowa energy center governing board. To be eligible~~
22 for a financial assistance award under the energy and water
23 infrastructure revolving loan program, an eligible borrower
24 must demonstrate that the proposed project will attract and
25 encourage the location of new industrial enterprise or the
26 expansion of existing industrial enterprise. Eligible borrowers
27 may be awarded financial assistance under the program for
28 projects that support electric or gas generation transmission,
29 storage, or distribution; electric grid modernization; energy
30 sector workforce development; emergency preparedness for rural
31 and underserved areas; the expansion of biomass, biogas, and
32 renewable natural gas; or innovative technologies and drinking
33 water treatment systems and wastewater treatment systems. The
34 economic development authority shall determine the amount and
35 the terms of all financial assistance awarded to an eligible

1 borrower under the program. All agreements and administrative
2 authority shall be vested in the economic development authority.
3 The economic development authority may adopt rules for the
4 implementation of this program.

5 c. The economic development authority may use not more than
6 five percent of the moneys in the fund at the beginning of
7 each fiscal year for purposes of administrative costs, marketing,
8 technical assistance, and other program support.

9 d. Each fiscal year beginning July 1, 2025, the economic
10 development authority shall be authorized to transfer an amount
11 not to exceed six hundred thirty-three thousand dollars from the
12 energy and water infrastructure revolving loan fund to Iowa state
13 university of science and technology to be used for the purposes
14 of providing financial assistance to the state load forecasting
15 center.

16 3. For the purposes of this section:

17 a. "Eligible borrower" means an individual, business, county,
18 city, rural electric cooperative, or municipal utility located
19 and operating in this state.

20 ~~a.~~ b. "Energy infrastructure" means land, buildings,
21 physical plant and equipment, and services directly related to
22 the development of projects used for, or useful for, electricity
23 or gas generation, transmission, storage, or distribution.

24 ~~b.~~ c. "Financial assistance" means the same as defined in
25 section 15.102.

26 d. "Water infrastructure" means water pollution control
27 facilities useful for the collection, treatment, and disposal of
28 sewage and industrial waste in a sanitary manner and drinking
29 water facilities useful for providing potable water to residents
30 served by a water system.

31 DIVISION V

32 ANAEROBIC DIGESTER SYSTEMS

33 Sec. 14. NEW SECTION. 459C.101 Title.

34 This chapter shall be known and may be cited as the "Animal
35 Agriculture Compliance Act for Anaerobic Digester Systems".

1 Sec. 15. NEW SECTION. **459C.102 Definitions.**

2 1. For purposes of this chapter, unless the context otherwise
3 requires:

4 a. "*Anaerobic digester system*" or "*digester*" means a covered
5 manure storage structure, if the function of the manure storage
6 structure is to process manure, by employing environmental
7 conditions including bacteria to break down organic matter in
8 the absence of oxygen, and is used for producing, collecting,
9 and utilizing a biogas, and may also process on-farm and
10 off-farm organic feedstocks, and food products or food for
11 human consumption if approved by the department pursuant to
12 section 459C.201, subsection 4. "*Anaerobic digester system*" also
13 includes related buildings, storage structures, transfer pipes,
14 and stockpiles associated with the digester process.

15 b. "*Digestate*" means the dry or liquid nutrient-rich material
16 that remains after the anaerobic digestion of organic matter,
17 such as agricultural residues, food waste, or manure.

18 c. "*Off-farm organic feedstocks*" means organic materials that
19 originate from outside the farm but can be used within farming
20 systems, particularly for soil enrichment, composting, or other
21 agricultural purposes.

22 d. "*On-farm organic feedstocks*" means organic materials that
23 are produced as by-products of farming activities that typically
24 come from plant or animal sources and may include crop residues
25 and other organic waste generated during farm operations.

26 e. "*Owner*" means the person who owns an anaerobic digester
27 system.

28 2. Where not in conflict with the definitions set out in
29 subsection 1, the definitions provided in sections 459.102,
30 459A.102, and 459B.102 shall control.

31 Sec. 16. NEW SECTION. **459C.103 General authority —**
32 **commission and department — purpose — compliance.**

33 1. The commission shall establish, by rule adopted pursuant
34 to chapter 17A, requirements relating to the construction,
35 including expansion, or operation of anaerobic digester systems,

1 including related buildings, storage structures, transfer pipes,
2 and stockpiles.

3 2. The purpose of this chapter is to provide requirements
4 relating to the construction, including the expansion, and
5 operation of anaerobic digester systems and the control of
6 digestate, which purpose shall be construed to supplement
7 applicable provisions of chapters 459, 459A, and 459B. If there
8 is a conflict between the provisions of this chapter and chapters
9 459, 459A, and 459B, the provisions of this chapter shall
10 prevail.

11 Sec. 17. NEW SECTION. **459C.201 Anaerobic digester systems**
12 **— permit requirements.**

13 1. The department shall approve applications for permits
14 for the construction, including the expansion, of anaerobic
15 digester systems, as provided by rules adopted pursuant to this
16 chapter. The department's decision to approve a permit for
17 the construction of an anaerobic digester system shall be based
18 on whether the application is submitted according to procedures
19 required by the department and the application meets standards
20 established by the department. Construction of an anaerobic
21 digester system requiring a permit under this section shall not
22 begin until the department first approves the application and
23 issues a construction permit.

24 2. In addition to the construction permit application under
25 subsection 1, the following must be submitted in order for the
26 department to approve the application:

27 a. A two hundred fifty dollar construction permit application
28 fee.

29 b. A written plan for the disposal of the digestate.

30 c. A written operation plan for the anaerobic digester system
31 detailing the responsibilities of all owners, animal feeding
32 operations, or other entities involved in the anaerobic digester
33 system processes.

34 3. Every anaerobic digester system shall obtain a
35 construction permit, regardless of size of the anaerobic digester

1 system or facility. The owner of the anaerobic digester system
2 is considered the applicant and shall be responsible for the
3 construction and operation of the anaerobic digester system.

4 4. a. Every anaerobic digester system is intended to accept
5 only manure unless department approval is obtained for the
6 inclusion of on-farm and off-farm organic by-products, food
7 products, or food for human consumption. Nonmanure material
8 shall not exceed ten percent of the total material added to the
9 anaerobic digester system.

10 b. Daily records of the volumes of all materials added to the
11 anaerobic digester system shall be required to be maintained at
12 the facility.

13 c. The department may require additional testing or
14 monitoring of any manure or nonmanure component being added
15 to the anaerobic digester system. The department may require
16 additional testing of the digestate.

17 d. Medical wastes, including expired or unused antibiotics,
18 petroleum products not designed for use in manure storage
19 facilities, pesticides, paints, solvents, hazardous materials,
20 municipal or sanitary waste or sludge, industrial wastewater,
21 contaminated feedstock, slaughterhouse wastes, and residues from
22 processing of food materials that have not been deemed acceptable
23 for human consumption shall not be processed in the anaerobic
24 digester system.

25 Sec. 18. NEW SECTION. **459C.202 Construction design standard**
26 **— anaerobic digester systems.**

27 1. The department shall adopt rules establishing construction
28 design standards for formed manure storage structures that are
29 part of an anaerobic digester system.

30 2. The construction design standards shall be based, to
31 every extent possible, upon uniform standards such as available
32 standards promulgated by the American society for testing and
33 materials international. The department may require that all
34 or part of a formed manure storage structure be constructed of
35 concrete.

1 3. The construction design standards for concrete shall
2 provide for all of the following:

3 a. The concrete's minimum compressive strength calculated on
4 a pounds-per-square-inch basis.

5 b. The use of reinforcement, including but not limited to
6 the grade, amount, and location of steel rebar, fiberglass, or
7 similar materials set in the concrete, or the use of exterior
8 braces to support joints.

9 c. The depth of footings.

10 d. The thickness of the footings, the floor, and walls.

11 4. A person shall only construct a formed manure storage
12 structure on karst terrain or an area that drains into a
13 known sinkhole pursuant to upgraded construction design standards
14 necessary to ensure that the structure does not pollute
15 groundwater sources. The construction of unformed manure storage
16 structures is prohibited on karst terrain.

17 Sec. 19. NEW SECTION. **459C.203 Distance requirements.**

18 1. *Water quality related requirements.*

19 a. Except as provided in paragraph "b", the following
20 requirements shall apply to the location of an anaerobic digester
21 system manure storage structure:

22 (1) An anaerobic digester system manure storage structure
23 shall not be constructed closer than five hundred feet away
24 from the surface intake of an agricultural drainage well. An
25 anaerobic digester system manure storage structure shall not
26 be constructed closer than two thousand feet from a wellhead,
27 cistern of an agricultural drainage well, or known sinkhole.

28 (2) An anaerobic digester system manure storage structure
29 shall not be constructed if the anaerobic digester system manure
30 storage structure as constructed is closer than any of the
31 following:

32 (a) Five hundred feet away from a water source other than a
33 major water source.

34 (b) One thousand feet away from a major water source.

35 (c) Two thousand five hundred feet away from a designated

1 wetland.

2 (3) (a) A water source, other than a major water source,
3 shall not be constructed, expanded, or diverted, if the water
4 source as constructed, expanded, or diverted is closer than
5 five hundred feet away from an anaerobic digester system manure
6 storage structure.

7 (b) A major water source shall not be constructed, expanded,
8 or diverted, if the major water source as constructed, expanded,
9 or diverted is closer than one thousand feet from an anaerobic
10 digester system manure storage structure.

11 (c) A designated wetland shall not be established, if the
12 designated wetland is closer than two thousand five hundred feet
13 away from an anaerobic digester system manure storage structure.

14 (4) An anaerobic digester system manure storage structure
15 shall not be constructed on land that is part of a one hundred
16 year floodplain as designated by rules adopted by the department
17 pursuant to section 459.301.

18 b. A separation distance required in paragraph "a" shall not
19 apply to any of the following:

20 (1) A location or object and a farm pond or privately owned
21 lake, as defined in section 462A.2.

22 (2) An anaerobic digester system manure storage structure
23 constructed with a secondary containment barrier. The department
24 shall adopt rules providing for the construction and use of
25 a secondary containment barrier, including construction design
26 standards.

27 2. *Air quality related requirements.*

28 a. Except as provided in paragraph "b", the following
29 requirements shall apply to the location of an anaerobic digester
30 system manure storage structure:

31 (1) An anaerobic digester system manure storage structure
32 shall not be constructed closer than three thousand feet from a
33 residence not owned by the owner of the anaerobic digester system
34 or the owner of the animal feeding operation where the anaerobic
35 digester system is located; a bona fide religious institution;

1 a public use area; a commercial enterprise; or an educational
2 institution.

3 (2) An anaerobic digester system manure storage structure
4 shall not be constructed closer than one hundred feet from a
5 public thoroughfare.

6 b. A separation distance required in paragraph "a" shall not
7 apply to any of the following:

8 (1) (a) An anaerobic digester system manure storage
9 structure that is constructed or expanded, if the titleholder
10 of the land benefiting from the distance separation requirement
11 executes a written waiver with the titleholder of the land
12 where the structure is located. If an anaerobic digester system
13 manure storage structure is constructed or expanded within the
14 separation distance required between an anaerobic digester system
15 manure storage structure and a public thoroughfare, the state or
16 a political subdivision constructing or maintaining the public
17 thoroughfare benefiting from the distance separation requirement
18 may execute a written waiver with the titleholder of the land
19 where the structure is located.

20 (b) A written waiver under this subsection becomes effective
21 only upon the recording of the waiver in the office of the
22 recorder of the county in which the benefited land is located.
23 The filed waiver shall preclude enforcement by the state as it
24 relates to a distance requirement between the anaerobic digester
25 system manure storage structure and the location or object
26 benefiting from the separation distance requirement.

27 (2) An anaerobic digester system manure storage structure
28 that is constructed or expanded within any distance from a
29 residence, educational institution, commercial enterprise, bona
30 fide religious institution, city, or public use area, if the
31 residence, educational institution, commercial enterprise, or
32 bona fide religious institution was constructed or expanded, or
33 the boundaries of the city or public use area were expanded,
34 after the date that the anaerobic digester system manure storage
35 structure was established. The date the anaerobic digester

1 system manure storage structure was established is the date
2 on which the anaerobic digester system commenced operating. A
3 change in ownership or expansion of the anaerobic digester system
4 shall not change the established date of operation.

5 Sec. 20. NEW SECTION. **459C.301 Minimum requirements for**
6 **digestate control.**

7 1. An anaerobic digester system shall retain all digestate
8 produced by the operation between periods of digestate disposal
9 or delivery to animal feeding operations. For purposes of this
10 section, dry digestate may be retained by stockpiling as provided
11 in this subchapter. An anaerobic digester system shall not
12 discharge digestate directly into water of the state or into a
13 tile line that discharges directly into water of the state.

14 2. Digestate from an anaerobic digester system shall be
15 disposed of in a manner that will not cause surface water or
16 groundwater pollution.

17 3. The owner of the anaerobic digester system that
18 discontinues the use of the operation shall remove all digestate
19 from related anaerobic digester system structures used to store
20 digestate within six months following the date that the anaerobic
21 digester system is discontinued.

22 Sec. 21. NEW SECTION. **459C.302 Disposal of digestate**
23 **requirements.**

24 1. If digestate is returned to an animal feeding operation
25 for land application, the material must be accounted for in the
26 animal feeding operation's manure management plan or nutrient
27 management plan.

28 2. For any portion of the digestate not returned to an animal
29 feeding operation, the owner of the anaerobic digester system
30 shall satisfy all applicable law for proper application of the
31 digestate.

32 Sec. 22. NEW SECTION. **459C.401 Stockpiling requirements.**

33 1. An anaerobic digester system may stockpile materials
34 prior to digestion or dry digestate so long as the facility
35 stockpiles the materials and dry digestate in compliance with

1 restrictions applicable to stockpiling as provided in this
2 subchapter.

3 2. Anaerobic digester system stockpiles shall not be
4 commingled with animal feeding operation stockpiles.

5 3. A person shall not stockpile the materials and dry
6 digestate within the following distances from any of the
7 following:

8 a. A terrace tile inlet or surface tile inlet, two hundred
9 feet. However, this paragraph does not apply to a person who
10 stockpiles the dry digestate in a manner that does not allow
11 precipitation-induced runoff to drain from the stockpile to the
12 terrace tile inlet or surface tile inlet. A terrace tile inlet
13 or surface tile inlet does not include a tile inlet that is not
14 directly connected to a tile line that discharges directly into a
15 water of the state.

16 b. (1) A designated area, four hundred feet. However, an
17 increased separation distance of eight hundred feet shall apply
18 to all of the following:

19 (a) A high-quality water resource.

20 (b) An agricultural drainage well.

21 (c) A known sinkhole.

22 (2) Subparagraph (1) does not apply to a person who
23 stockpiles materials or dry digestate in a manner that does not
24 allow precipitation-induced runoff to drain from the stockpile to
25 the designated area.

26 c. One thousand two hundred fifty feet from a residence not
27 owned by the owner of the anaerobic digester system or the owner
28 of the animal feeding operation where the anaerobic digester
29 system is located; a bona fide religious institution; a public
30 use area; a commercial enterprise; or an educational institution.

31 4. A person shall not stockpile materials or dry digestate in
32 a grassed waterway.

33 5. A person shall not stockpile materials or dry digestate on
34 land having a slope of more than three percent. However, this
35 subsection shall not apply to a person who stockpiles materials

1 or dry digestate using methods, structures, or practices that
2 contain the stockpile, including but not limited to silt
3 fences, temporary earthen berms, or other effective measures, and
4 that prevent or diminish precipitation-induced runoff from the
5 stockpile.

6 6. A person stockpiling materials or dry digestate on
7 terrain, other than karst terrain, for more than fifteen
8 consecutive days shall comply with any of the following:

9 a. Stockpile materials or dry digestate using a qualified
10 stockpile structure or qualified stockpile cover. However, the
11 person shall not stockpile materials or dry digestate using
12 a qualified stockpile cover at a long-term stockpile location
13 unless the person stockpiles the materials or dry digestate on
14 compacted soil, compacted granular aggregates, asphalt, concrete,
15 or other similar materials.

16 b. Deliver a stockpile inspection statement to the department
17 by the fifteenth day of each month in writing, which may
18 be on a form prescribed by the department. The stockpile
19 inspection statement shall provide the location of the stockpile
20 and document the results of an inspection conducted by the person
21 during the previous month. The inspection must evaluate whether
22 precipitation-induced runoff is draining away from the stockpile
23 and, if so, describe actions taken to prevent the runoff. If an
24 inspection by the department documents that precipitation-induced
25 runoff is draining away from a stockpile, the person shall
26 immediately remove dry digestate from the stockpile in compliance
27 with this chapter or comply with all directives of the department
28 to prevent the runoff.

29 7. A person stockpiling materials or dry digestate on karst
30 terrain shall comply with all of the following:

31 a. If the proposed stockpile is located in potential karst
32 terrain, a professional engineer licensed in Iowa or a staff
33 person or organization qualified through the Iowa natural
34 resource conservation service shall submit a soil report to the
35 department, based on the results from soil corings, test pits,

1 or acceptable well log data, describing the subsurface materials
2 and vertical separation distance from the proposed bottom of
3 the stockpile to the underlying limestone, dolomite, or soluble
4 rock. A minimum of two soil corings spaced equally within the
5 stockpile location or two test pits located within five feet of
6 the outside of the stockpile location are required if acceptable
7 well log data is not available. The soil corings shall be
8 taken to a minimum depth of twenty-five feet below the bottom
9 elevation of the proposed stockpile or into bedrock, whichever
10 is shallower. After the soil exploration is complete, each
11 coring or test pit shall be properly plugged with concrete grout,
12 bentonite, or similar materials and completion of this activity
13 shall be documented in the soil report. If a twenty-five-foot
14 vertical separation distance can be maintained between the bottom
15 of the proposed stockpile and limestone, dolomite, or other
16 soluble rock, then the structure is not considered to be in karst
17 terrain.

18 b. The person shall stockpile the dry digestate at a location
19 where there is a vertical separation distance of at least five
20 feet between the bottom of the stockpile and the underlying
21 limestone, dolomite, or other soluble rock.

22 c. A person who stockpiles materials or dry digestate for
23 more than fifteen consecutive days shall use any of the
24 following:

25 (1) A qualified stockpile structure.

26 (2) A qualified stockpile cover. However, the person shall
27 not stockpile materials or dry digestate using a qualified
28 stockpile cover at a long-term stockpile location unless the
29 stockpile is located on reinforced concrete at least five inches
30 thick.

31 8. A person stockpiling materials or dry digestate shall
32 comply with applicable national pollutant discharge elimination
33 system permit requirements pursuant to the federal Water
34 Pollution Control Act, 33 U.S.C. ch. 26, as amended, and 40
35 C.F.R. pts. 122 and 412.

1 9. A person stockpiling materials or dry digestate shall
2 remove the dry digestate and apply it in accordance with the
3 provisions of this chapter within six months after the materials
4 or dry digestate are first stockpiled.

5 Sec. 23. NEW SECTION. **459C.501 General enforcement.**

6 The department and the attorney general shall enforce the
7 provisions of this chapter in the same manner as provided in
8 chapter 459, subchapter VI.

9 Sec. 24. NEW SECTION. **459C.502 Violations — civil**
10 **penalty.**

11 A person who violates a provision of this chapter for which
12 the alleged harm is related to air quality shall be subject
13 to the same penalty as provided in section 459.602. A person
14 who violates a provision of this chapter for which the alleged
15 harm is related to water quality shall be subject to the same
16 penalties and restrictions as provided in section 459.603. A
17 habitual violator of the provisions of this chapter shall be
18 subject to the same penalties and restrictions as provided in
19 sections 459.604 and 459.605. Any collected civil penalty and
20 interest on a civil penalty shall be credited to the Iowa
21 nutrient research fund created in section 466B.46.

22 Sec. 25. CODE EDITOR DIRECTIVE.

23 1. The Code editor shall designate sections 459C.101 through
24 459C.502, as enacted by this division of this Act, as new chapter
25 459C, entitled "Anaerobic Digester Systems".

26 2. The Code editor shall designate sections 459C.101 through
27 459C.103, as enacted by this division of this Act, as a new
28 subchapter within chapter 459C, entitled "General Provisions".

29 3. The Code editor shall designate sections 459C.201 through
30 459C.203, as enacted by this division of this Act, as a
31 new subchapter within chapter 459C, entitled "Construction
32 Provisions".

33 4. The Code editor shall designate sections 459C.301 through
34 459C.302, as enacted by this division of this Act, as a new
35 subchapter within chapter 459C, entitled "Digestate Disposal".

1 5. The Code editor shall designate section 459C.401, as
2 enacted by this division of this Act, as a new subchapter within
3 chapter 459C, entitled "Stockpiling Provisions".

4 6. The Code editor shall designate sections 459C.501 through
5 459C.502, as enacted by this division of this Act, as a
6 new subchapter within chapter 459C, entitled "Enforcement
7 Provisions".

8 EXPLANATION

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

11 This bill relates to rate-regulated utilities by modifying
12 provisions relating to electric power generation, energy storage,
13 and transmission facility ratemaking principles, creating tariffs
14 for public utility innovation programs, implementing land
15 restoration standards, and modifying the energy infrastructure
16 revolving loan program.

17 Division I of the bill modifies intent language to reflect
18 an intent to attract energy storage and develop nuclear power
19 generation for consumers in the state.

20 Division I of the bill alters ratemaking principle processes
21 and modifies when a rate-regulated public utility may seek
22 ratemaking principles. In addition to electric power generating
23 facilities and alternate energy production facilities, the
24 utilities commission (commission) may specify the ratemaking
25 principles applying to an energy storage facility.

26 Division I of the bill provides that a rate-regulated public
27 utility may seek ratemaking principles from the commission
28 when there are construction-related costs of an electric power
29 generating facility with a nameplate generating capacity equal
30 to or greater than 40 megawatts, an alternate energy production
31 facility, or an energy storage facility, or significant
32 alterations to an existing electric power generating facility,
33 alternate energy production facility, or energy storage facility.
34 Current law generally provides that when a rate-regulated public
35 utility files an application to construct a baseload electric

1 power generating facility with a nameplate generating capacity
2 equal to or greater than 300 megawatts or a combined-cycle
3 electric power generating facility or an alternate energy
4 production facility, or to significantly alter an existing
5 generating facility or a new alternate energy production
6 facility, the commission shall specify in advance the ratemaking
7 principles that will apply.

8 Division I of the bill modifies the requirements for
9 a significant alteration of an existing generating facility
10 to qualify for the establishment of ratemaking principles.
11 Division I of the bill provides that to qualify for ratemaking
12 principles, the significant alteration can convert an electric
13 power generating facility to an alternate fuel type, add carbon
14 capture and carbon storage to an electric power generating
15 facility, add a facility to capture exhaust heat to an electric
16 power generating facility, repower an alternate energy production
17 facility, or add energy storage to an existing electric
18 power generating facility, alternate energy production facility,
19 or energy storage facility. Current law provides that to
20 qualify for ratemaking principles, the significant alteration can
21 convert a coal-fueled facility into a gas-fueled facility, add
22 carbon capture and carbon storage to a coal-fueled facility,
23 add gas-fueled capability to a coal-fueled facility, add a
24 biomass-fueled capability to a coal-fueled facility, or repower
25 an alternate energy production facility.

26 Division I of the bill provides that a utility investment to
27 convert an electric power generating facility to a different fuel
28 type, add carbon capture and carbon storage to an electric power
29 generating facility, or add a fuel type to an electric power
30 generating facility shall be eligible to apply the ratemaking
31 principles established by an order issued prior to construction
32 or lease of a facility.

33 Division I of the bill provides that a rate-regulated public
34 utility may seek ratemaking principles for leasing or owning
35 a new electric power generating facility with a nameplate

1 generating capacity equal to or greater than 40 megawatts,
2 a new energy storage facility, or a new alternate energy
3 production facility. Current law provides that a rate-regulated
4 public utility leasing or owning a new baseload electric power
5 generating facility with a nameplate generating capacity equal
6 to or greater than 300 megawatts, a combined-cycle electric
7 power generating facility, or a new alternate energy production
8 facility may seek ratemaking principles.

9 Division I of the bill requires the commission to issue an
10 order after the contested case proceeding that the ratemaking
11 principles will apply when the costs of the electric power
12 generating facility or alternate energy production facility
13 are included in regulated electric rates once the commission
14 finds that the rate-regulated public utility's application for
15 ratemaking principles meets all the commission's requirements.

16 Division I of the bill requires a rate-regulated public
17 utility seeking ratemaking principles to provide support of
18 reasonability with an electric utility resource plan that has
19 been updated within 24 months of filing the application.

20 Division I of the bill requires the commission to adopt rules
21 for proceedings to conclude 10 months after a petition is filed.

22 Division I of the bill requires rate-regulated electric
23 utilities to file a resource plan at least once every five
24 years. The resource plan must consider all reasonable resources
25 by the utility for meeting the probable future demand for energy,
26 including supply resources and conservation and management of
27 demand. For conservation and management of demand, the resource
28 plan shall include programs approved in the electric utility's
29 most recently approved energy efficiency plan. The objectives
30 of the resource plan include but are not limited to adequate,
31 cost-effective, and reliable energy service considering costs,
32 fuel diversity, and probable future demand for energy, and should
33 reflect the circumstances and management judgment of the electric
34 utility. The resource plan does not require specific outcomes or
35 specific investment decisions.

1 Division I of the bill directs the commission to issue an
2 order within 90 days of the resource plan acknowledging receipt
3 of the plan. This order may provide recommendations to an
4 electric utility regarding any additional analyses or actions
5 that the electric utility should consider completing in its next
6 resource plan.

7 Division I of the bill directs the commission to adopt rules
8 regarding the timeline and stakeholder process to review and
9 provide comments on the resource plan. The stakeholder process
10 shall include the electric utility organizing and facilitating
11 a stakeholder conference with representatives of the commission,
12 the consumer advocate, and the electric utility's customers.
13 Division I of the bill directs the electric utility to make
14 a good faith effort to inform and consider input from the
15 commission, the consumer advocate, and stakeholders.

16 Division II of the bill provides that it is the intent of
17 the general assembly to encourage public utility innovation in
18 pricing and programs, and that the new innovations not negatively
19 impact nonparticipating customers. Division II of the bill
20 additionally provides that it is the intent of the general
21 assembly to attract and retain customers for the benefit of the
22 state's economy, support of economical energy production, and
23 support of sustainable energy production.

24 Division II of the bill authorizes a tariff program. Division
25 II of the bill provides that a tariff shall comply with
26 several provisions. The tariff shall be optional for customers,
27 define eligible customer groups, and assess program costs to
28 participating customers. Program costs shall include specified
29 direct costs arising from the tariff program and costs related to
30 the implementation of tariff programs. Participants of a tariff
31 program shall participate in future indirect costs allocated to
32 customers of that utility without regard for the existence of
33 an approved tariff. The tariff shall not allow for an eligible
34 customer group excluding directly competing customers in the same
35 customer service territory, alter existing base rate or charges

1 of the public utility, or negatively impact nonparticipating
2 customers. Negative impacts include additional costs incurred by
3 nonparticipating customers due to costs arising from the tariff,
4 tariff participants no longer sharing in customer class costs, or
5 decreased customer benefit from existing infrastructure.

6 Division II of the bill explains that a tariff may include
7 provisions relating to recovery of costs, rate of return,
8 application of the program to other specified patterns, program
9 benefits, and refunds, credits, or waivers when the program
10 replaces an existing service, or recovery of costs associated
11 with existing facilities. A participating program customer
12 shall pay the costs of the services received from the public
13 utility unless the costs are refunded, credited, or waived
14 under the program. Division II of the bill provides that if
15 the program or eligible customer group cease to exist and the
16 public utility seeks recovery of the program-specific facilities
17 through a general rate case proceeding, the public utility
18 shall demonstrate the reasonableness and prudence without any
19 presumption regarding approval of such request. A public utility
20 shall be allowed to recover program-specific facilities through
21 general rate case proceedings. If the utility can demonstrate to
22 the commission that the proposed tariff generates excess revenue
23 for the utility as compared to total revenue without the tariff,
24 the excess revenue may be retained by the utility.

25 Division II of the bill provides for tariff application
26 and approval. A public utility's authority is not mandatory
27 regarding tariffs. Division II of the bill provides that an
28 application for a tariff or amendment to a tariff shall be
29 filed with the commission. The commission shall approve, deny,
30 or docket for further review an application within 30 days.
31 If the commission docket the application for further review,
32 the commission shall render a decision within 90 days from
33 the date of application filing, unless an objection is filed.
34 The commission shall not reconsider existing programs previously
35 approved under the tariff during a review of an application for

1 an amendment to a tariff unless the review of a program is
2 proposed as part of the amendment.

3 Division II of the bill prohibits the commission from certain
4 actions. Division II of the bill provides that the commission
5 shall not limit the number of applications a public utility may
6 file, deny, or condition the approval of a tariff because a
7 public utility is subject to an alternative regulatory mechanism,
8 or require a public utility subject to an alternative regulatory
9 mechanism to record revenues and costs in an inconsistent
10 manner with specified federal standards, provided that the
11 proposed tariff would not result in detrimental treatment of
12 other customers or require adjustment to the calculation of
13 the alternative regulatory mechanism to reflect the impact
14 of an approved tariff. Division II of the bill prohibits
15 the commission from conditioning approval of a tariff on the
16 requirement that the public utility change the proposal to
17 unagreed-upon terms, but this prohibition does not prevent the
18 commission from identifying changes to the proposal that might
19 result in approval.

20 Division II of the bill provides that tariffs and programs
21 approved pursuant to division II of the bill shall be rebuttably
22 presumed to be just and reasonable in general rate case
23 proceedings. Division II of the bill prohibits the commission
24 from conditioning approval or denial of a tariff on the final
25 adoption of rules and requires the commission to adopt rules
26 related to division II of the bill.

27 Division II of the bill applies to a public utility filing
28 an application with the commission for review of a tariff on or
29 after the effective date of division II of the bill.

30 Division III of the bill relates to electric transmission
31 lines and electric transmission owners. Division III of the
32 bill expounds the legislative purpose of Code section 478.16,
33 identifying Iowa consumers' urgent need for development and
34 investment in high-voltage transmission. Division III of the
35 bill provides that an incumbent electric transmission owner may

1 be formed, located, or headquartered in any state as long as the
2 electric transmission line is located in Iowa.

3 Division III of the bill defines an "incumbent electric
4 transmission owner" as an individual or entity who, as of July
5 1, 2024, owns and maintains an electric transmission line in this
6 state that is required for rate-regulated electric utilities,
7 municipal electric utilities, and rural electric cooperatives
8 in the state to provide electric service to the public for
9 compensation.

10 Under division III of the bill, an incumbent electric
11 transmission facility owner has the right to construct, own, and
12 maintain an electric transmission line that directly connects to
13 the electric transmission facility. If a proposed transmission
14 line would directly connect to facilities owned by two or more
15 facility owners, each owner has the right to construct, own, and
16 maintain the electric transmission line individually and equally.

17 Division III of the bill requires an incumbent electric
18 transmission owner exercising its right to construct, own, and
19 maintain an electric transmission line to offer public power
20 utilities an opportunity to jointly own a portion of the electric
21 transmission line. The offered amount must be at least the
22 amount of the public power utility's electric load divided by
23 the total electric load in the applicable incumbent electric
24 transmission owner's pricing zone. Division III of the bill
25 does not prohibit the entities from agreeing to joint ownership
26 in a different amount. Additionally, division III of the bill
27 allows the public power utility to transfer or assign its joint
28 ownership rights to another public power utility or group of
29 public power utilities with the consent of the incumbent electric
30 transmission owner.

31 Division III of the bill allows an incumbent electric
32 transmission owner exercising its right to construct, own, and
33 maintain an electric transmission line to contract with another
34 electric transmission owner or electric public utility to jointly
35 own a portion of the electric transmission line.

1 Division III of the bill requires the incumbent electric
2 transmission owner or owners with approved electric transmission
3 lines not subject to right of first refusal in a federally
4 registered planning authority transmission plan to give notice to
5 the commission whether the owner or owners intend to construct,
6 own, and maintain the electric transmission line. The notice
7 shall be given within the later of 90 days of approval for
8 construction or 90 days after enactment of division III of
9 the bill. The commission may determine whether another person
10 may construct the electric transmission line if the incumbent
11 electric transmission owner or owners give notice declining to
12 construct or do not give timely notice.

13 Division III of the bill requires incumbent electric
14 transmission owners to provide documentation to the commission
15 that shows utilization of competitively bid construction
16 contracts that meet all necessary technical, commercial, and
17 other specifications required for compliant construction.

18 Division III of the bill allows the consumer advocate free
19 access to all documents, reports, and information submitted to
20 the commission regarding cost accountability measures for the
21 construction of electric transmission lines. These documents,
22 reports, and information may be used by the consumer advocate for
23 any purpose within the scope of the consumer advocate's duties.
24 These provisions do not create a private cause of action or
25 complaint.

26 Division III of the bill directs the commission to adopt rules
27 to implement the land restoration requirements after initial
28 construction of an electric transmission line as set forth in
29 division III of the bill.

30 Division III of the bill requires incumbent electric
31 transmission owners to repair drain tiles damaged during
32 construction as soon as practicable and to complete permanent
33 repairs as soon as practicable after initial construction. The
34 permanent repairs must be of the same quality, size, and flow
35 capacity of the original drain tile.

1 Division III of the bill requires incumbent electric
2 transmission owners to remove all nonnative rocks larger than
3 three inches in diameter from the easement area. The disposal
4 of rock that cannot be used as backfill must be done at a
5 location and in a manner agreed to between the incumbent electric
6 transmission owner and the landowner.

7 Division III of the bill requires the incumbent electric
8 transmission owner to till agricultural land affected by
9 construction, including right-of-way access points or roads,
10 after electric transmission line construction activities are
11 completed on the affected property. The land must be tilled at
12 least 18 inches deep in land used for crop production and 12
13 inches deep in all other land, unless otherwise agreed to by the
14 landowner.

15 Division III of the bill requires the incumbent electric
16 transmission owner to restore soil conservation practices and
17 structures damaged during construction to their previous state,
18 compact the soil used to repair embankments intended to
19 retain water, and reestablish any vegetation disturbed during
20 construction, including cover crops.

21 Division III of the bill requires the incumbent electric
22 transmission owner to reseed the agricultural land, excluding row
23 crops and small grain production, following compaction of the
24 land. Seeding for cover crops may be delayed if construction
25 is completed too late in the year and is not required if the
26 land will be tilled the following year. When the season is
27 not suitable for the seeding of cover crops, the landowner may
28 request ground cover to prevent soil erosion.

29 Division III of the bill requires the incumbent electric
30 transmission owner to remove all field entrances and temporary
31 roads used during construction and to restore the areas to
32 their previous state following the completion of the initial
33 construction.

34 Division III of the bill requires the incumbent electric
35 transmission owner to use good practices when constructing in

1 wet conditions and to grade and till any rutted land in order
2 to restore the land to its original condition to the extent
3 practicable. Additionally, division III of the bill allows
4 the landowner to repair damage caused by construction in wet
5 conditions. The incumbent electric transmission owner shall
6 then reimburse the landowner for reasonable costs of repair.
7 Division III of the bill requires an electric transmission owner
8 to utilize mudflats, mats, or other measures to minimize soil
9 disturbance when using heavy equipment in wetlands.

10 Division III of the bill requires the incumbent electric
11 transmission owner to provide contact information to all persons
12 affected by the construction of each transmission line.

13 Division III of the bill allows the commission to appoint
14 an inspector to determine compliance with restoration standards
15 in the event the incumbent electric transmission owner and the
16 landowner dispute over potential violations. The cost of the
17 inspection shall be paid by the incumbent electric transmission
18 owner. If the inspector determines there have been violations of
19 the restoration standards, the commission will provide oral and
20 written notice to the incumbent electric transmission owner. The
21 commission will order corrective actions be taken to comply with
22 the standards. The costs of the corrective actions will be borne
23 by the electric transmission owner.

24 Division III of the bill allows the commission to issue an
25 order requiring corrective action and impose civil penalties if
26 the incumbent electric transmission owner or its contractor do
27 not comply with the required standards.

28 Division III of the bill requires the commission to instruct
29 the inspectors on the statutes, rules, and responsibilities
30 regarding restoration standards.

31 Division III of the bill requires petitioners for a franchise
32 for electric transmission construction to file a land restoration
33 plan outlining how the construction will conform to the required
34 standards. The restoration plan will also be provided to all
35 property owners affected by the construction.

1 Division III of the bill allows alternative provisions in
2 independent agreements with landowners regarding protecting or
3 restoring property as long as these provisions are in writing and
4 are provided to the commission.

5 Division III of the bill allows electric transmission owners
6 to propose alternate methods of land restoration to the
7 commission. The commission, by waiver, may allow variations
8 to the land restoration requirements if the proposed alternate
9 methods would restore the land to a condition as good or better
10 than those required by division III of the bill.

11 Division III of the bill allows the commission to waive the
12 preparation of a separate land restoration plan, in whole or
13 in part, if the incumbent electric transmission owner satisfies
14 the requirements through similar agreement with other agencies
15 in the state. The relevant agreements must be filed with the
16 commission.

17 Division III of the bill does not limit, expand, or otherwise
18 modify the rights of access and obligations for damages set forth
19 in Code section 478.17.

20 Division III of the bill takes effect upon enactment.

21 Division III of the bill applies retroactively to an electric
22 transmission line included in a federally registered planning
23 authority long-term transmission plan approved on or after July
24 1, 2020, with the exception of the provisions requiring incumbent
25 electric transmission owners to offer public power utilities
26 the option to jointly own qualifying electric transmission
27 lines. For this exception, division III of the bill applies
28 retroactively to July 1, 2024.

29 Division IV of the bill relates to the energy infrastructure
30 revolving loan program, which is renamed as the "energy and water
31 infrastructure revolving loan program".

32 Under current law, the energy infrastructure revolving loan
33 fund (fund) and program are administered by the Iowa energy
34 center (center). Division IV of the bill instead places the
35 administrative duty with the Iowa economic development authority

1 (IEDA) and renames the fund the "energy and water infrastructure
2 revolving loan fund".

3 Division IV of the bill adds financial assistance for
4 the development and construction of water infrastructure that
5 supports economic development to the fund's approved uses,
6 including drinking water treatment systems and wastewater
7 treatment systems.

8 Division IV of the bill expands the entities eligible for
9 assistance under the fund to include a county or city.

10 Under current law, the approval of the center's governing
11 board is required before IEDA can determine the amount and the
12 terms of all financial assistance awarded to an eligible borrower
13 and all agreements and administrative authority are vested in the
14 center's governing board. Division IV of the bill removes the
15 approval requirement by the center and its authority regarding
16 agreements.

17 Division IV of the bill adds that to be eligible for
18 a financial assistance award under the energy and water
19 infrastructure revolving loan program, an eligible borrower must
20 demonstrate that the proposed project will attract and encourage
21 the location of new industrial enterprise or the expansion of
22 existing industrial enterprise. Division IV of the bill states
23 that IEDA shall determine the amount and the terms of all
24 financial assistance awarded to an eligible borrower under the
25 program and that all agreements and administrative authority
26 shall be vested in IEDA. Division IV of the bill provides that
27 IEDA may adopt rules for the implementation of this program.

28 Division IV of the bill grants IEDA the ability to authorize
29 the transfer of up to \$633,000 annually to Iowa state university
30 of science and technology to be used for providing financial
31 assistance to the state load forecasting center.

32 Division V of the bill relates to anaerobic digester
33 systems. Division V of the bill states its purpose is to
34 provide requirements relating to the construction, including
35 the expansion, and operation of anaerobic digester systems and

1 the control of digestate. Division V of the bill directs the
2 environmental protection commission to make rules for this stated
3 purpose. Division V of the bill states that if the provisions
4 of new Code chapter 459C conflict with Code chapter 459, 459A, or
5 459B, the provisions of Code chapter 459C shall prevail.

6 Division V of the bill directs the department of natural
7 resources (DNR) to approve applications for permits for
8 construction, including expansion, of anaerobic digester systems
9 based on procedures required in division V of the bill and rules
10 created by DNR pursuant to division V of the bill. Division V
11 of the bill prohibits the construction of an anaerobic digester
12 system, regardless of size, until the construction permit has
13 been approved. The applicant must also submit a \$250 permit
14 application fee, a written plan for disposal of the digestate,
15 and a written operation plan for an anaerobic digester system.

16 Division V of the bill requires an anaerobic digester
17 system to accept only manure unless DNR otherwise approves the
18 inclusion of organic by-product, food product, or food for human
19 consumption. Nonmanure materials shall not compose more than
20 10 percent of the total material added to an anaerobic digester
21 system.

22 Division V of the bill requires a daily record of materials
23 added to an anaerobic digester system to be kept and maintained
24 at the facility and grants DNR the authority for additional
25 testing or monitoring of the materials added to an anaerobic
26 digester system and the digestate.

27 Division V of the bill prohibits medical wastes, including
28 expired or unused antibiotics, petroleum products not designed
29 for use in manure storage facilities, pesticides, paints,
30 solvents, hazardous materials, municipal or sanitary waste
31 or sludge, industrial wastewater, contaminated feedstock,
32 slaughterhouse wastes, and residues from processing of food
33 materials that have not been deemed acceptable for human
34 consumption from being processed in an anaerobic digester system.

35 Division V of the bill directs DNR to adopt rules to

1 establish construction design standards for formed manure storage
2 structures that are part of an anaerobic digester system.
3 Division V of the bill requires construction design standards to
4 be based upon uniform standards and provides construction design
5 standards for concrete.

6 Division V of the bill prohibits the construction of unformed
7 manure storage structures on karst terrain, but allows the
8 construction of a formed manure storage structure on karst
9 terrain or an area that drains into a known sinkhole if upgraded
10 construction design standards necessary to ensure that the
11 structure does not pollute groundwater sources are used.

12 Division V of the bill provides separation distance
13 requirements between an anaerobic digester system manure storage
14 structure and a surface intake of a drainage well, wellhead,
15 cistern of an agricultural well, known sinkhole, water source,
16 or wetland. Division V of the bill provides exceptions for a
17 location or object and a farm pond or privately owned lake.

18 Division V of the bill prohibits construction, expansion,
19 or diversion of a water source or the designation of a
20 wetland if the action would cause an anaerobic digester system
21 manure storage structure to be in violation of the distance
22 requirements.

23 Division V of the bill prohibits an anaerobic digester system
24 manure storage structure from being constructed on land that is
25 part of a 100 year floodplain as determined by DNR.

26 Division V of the bill states there are no distance
27 requirements between a location or object and a farm pond or
28 privately owned lake. Additionally, distance requirements do not
29 apply to an anaerobic digester system manure storage structure
30 constructed with a secondary containment barrier approved by DNR.

31 Division V of the bill provides separation distances between
32 an anaerobic digester system manure storage structure and
33 a residence, bona fide religious institution, public use
34 area, commercial enterprise, educational institution, or public
35 thoroughfare. Division V of the bill allows the titleholder

1 of the land benefiting from the distance requirements to waive
2 the distance requirements. Division V of the bill allows the
3 state or political subdivision to waive distance requirements of
4 public thoroughfares. The waivers must be filed with the county
5 recorder before becoming effective.

6 Division V of the bill allows an anaerobic digester system
7 manure storage structure to be within the distance requirement
8 from a residence, educational institution, commercial enterprise,
9 bona fide religious institution, city, or public use area if the
10 anaerobic digester system manure storage structure was operating
11 in conformance with distance requirements, but was brought within
12 the distance requirement due to the expansion or construction of
13 a residence, educational institution, commercial enterprise, bona
14 fide religious institution, city, or public use area. A change
15 in ownership or expansion of an anaerobic digester system shall
16 not change the established date of operation.

17 Division V of the bill requires an anaerobic digester system
18 to retain all digestate produced by operation between periods of
19 digestate disposal or delivery to animal feeding operations and
20 to dispose the digestate in a manner that will not cause surface
21 water or groundwater pollution.

22 Division V of the bill requires the owner of an anaerobic
23 digester system that discontinues the use of the operation to
24 remove all digestate from related anaerobic digester system
25 structures used to store digestate within six months following
26 the date that the anaerobic digester system is discontinued.

27 Division V of the bill requires materials returned to an
28 animal feeding operation for land application be accounted for in
29 the animal feeding operation's manure management plan or nutrient
30 management plan and that the owner of the anaerobic digester
31 system must satisfy all applicable laws for proper application
32 of any portion of the digestate not returned to an animal feeding
33 operation.

34 Division V of the bill allows an anaerobic digester system
35 to stockpile materials prior to digestion or dry digestate so

1 long as the facility stockpiles the materials and dry digestate
2 in compliance with restrictions applicable to stockpiling as
3 provided in division V of the bill. Division V of the bill
4 prohibits anaerobic digester system stockpiles from commingling
5 with animal feeding operation stockpiles.

6 Division V of the bill provides separation distance
7 requirements between a stockpile and a designated area that
8 includes a known sinkhole, a cistern, an abandoned well, an
9 unplugged agricultural drainage well, an agricultural drainage
10 well surface inlet, a drinking water well, a designated wetland,
11 or a water source. Special separation distance requirements
12 are provided for a high-quality water resource, an agricultural
13 drainage well, or a known sinkhole. Division V of the bill
14 provides special separation distance requirements between a
15 stockpile and a terrace tile inlet or surface tile inlet.
16 An exception allows a stockpile to be located closer than
17 otherwise required from these water sources so long as it
18 is maintained in a manner that will not allow precipitation
19 induced runoff to drain from the material or dry digestate.
20 Division V of the bill also provides separation distance
21 requirements between a stockpile and a residence, bona fide
22 religious institution, public use area, commercial enterprise, or
23 educational institution.

24 Division V of the bill provides that a stockpile cannot be
25 located in a grassed waterway. The stockpile also cannot be
26 located on a slope of a certain grade, unless efforts are taken
27 to contain the stockpile and prevent runoff.

28 If the materials or dry digestate are not stockpiled on karst
29 terrain, division V of the bill does not provide any requirements
30 so long as the materials or dry digestate are stockpiled for
31 15 days or less. Otherwise, division V of the bill requires
32 a person to comply with stockpiling requirements or file a
33 monthly inspection report with DNR. The special stockpiling
34 requirements include either the use of a structure or the use of
35 an impermeable cover. However, if the stockpile is covered on a

1 long-term basis, it must be sited on compacted or other prepared
2 ground.

3 Division V of the bill states that if a proposed stockpile is
4 located on potential karst terrain, a qualified person must test
5 the ground in conformance with requirements described in division
6 V of the bill and submit a soil report to confirm whether the
7 proposed stockpile location is on karst terrain. If the material
8 or dry digestate is stockpiled on karst terrain, there must be a
9 separation distance between the bottom of the stockpile and the
10 soluble rock, regardless of how long the stockpile is located at
11 that location. For material or dry digestate that is stockpiled
12 for more than 15 days, special compliance requirements apply,
13 including either the use of a structure or an impermeable cover.
14 If the stockpile is located at that location on a long-term
15 basis, it must be sited on concrete.

16 Division V of the bill requires a person stockpiling material
17 or dry digestate to comply with all applicable national pollutant
18 discharge elimination system permit requirements pursuant to the
19 federal Water Pollution Control Act.

20 Division V of the bill requires a person stockpiling materials
21 or dry digestate to remove the dry digestate and apply it
22 in accordance with the provisions of division V of the bill
23 within six months after the materials or dry digestate are first
24 stockpiled.

25 Division V of the bill directs DNR and the attorney general to
26 enforce Code chapter 459C in the same manner as provided in Code
27 chapter 459, subchapter VI. A person who violates the provisions
28 of division V of the bill for which the alleged harm is related
29 to air quality shall be subject to the same penalty as provided
30 in Code section 459.602. A person who violates the provisions
31 of division V of the bill for which the alleged harm is related
32 to water quality shall be subject to the same penalties as
33 provided in Code section 459.603. A habitual violator of the
34 provisions of division V of the bill shall be subject to the same
35 penalties and restrictions as provided in Code sections 459.604

1 and 459.605. Any collected civil penalty and interest on a civil
2 penalty shall be credited to the Iowa nutrient research fund
3 created in Code section 466B.46.

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