

Senate Study Bill 3092 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
COMMERCE BILL BY CHAIRPERSON
BOUSSELOT)

A BILL FOR

- 1 An Act relating to solar energy by establishing a community solar
- 2 facility program.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

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

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

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

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

12 Sec. 3. NEW SECTION. **476.50 Community solar facility**
13 **program — established.**

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

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

20 b. "*Brownfield site*" means an abandoned, idled, or
21 underutilized industrial or commercial facility where expansion
22 or redevelopment is complicated by real or perceived
23 environmental contamination, including wastewater treatment
24 lagoons, active and former quarry and mining ponds, storm water
25 detention ponds, cooling ponds, and manure ponds. A brownfield
26 site includes property contiguous with the property on which the
27 individual or commercial facility is located.

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

34 (a) The facility is located on one or more parcels of land
35 within the assigned area of service of that utility and no other

1 community solar facility under the control of the same entity, an
2 affiliate's entity, or an entity under common control is located
3 on that land.

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

9 (c) The facility has at least three subscribers once it
10 becomes operational.

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

16 (e) No subscriber holds more than a forty percent interest in
17 the output of the facility unless the facility is located on the
18 same parcel of land as the subscriber's electric service premises
19 and the subscription reflects on-site load rather than resale or
20 aggregation.

21 (f) Not less than sixty percent of the capacity of the
22 facility is subscribed to by subscriptions of not more than forty
23 kilowatts. The requirements of this subparagraph division shall
24 not apply to the portion of a facility's capacity subscribed
25 pursuant to the on-site load exception described in subparagraph
26 division (e), provided that no more than forty percent of the
27 facility's total capacity may be excluded from the requirements
28 of this subparagraph division under that exception.

29 (2) A distributed generation facility qualifies as a
30 community solar facility if the distributed generation facility
31 generates not more than one megawatt of electricity as measured
32 in alternating current and meets the conditions described in
33 subparagraph (1), subparagraph divisions (a), (b), and (d), even
34 if the distributed generation facility does not meet any of the
35 conditions described in subparagraph (1), subparagraph divisions

1 (c), (e), and (f).

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

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

8 f. "Subscriber organization" means a for-profit or nonprofit
9 entity that owns or operates one or more community solar
10 facilities.

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

15 2. a. A community solar facility program is established to
16 encourage and enhance the generation of solar energy and to
17 encourage and enhance the ability of electric utility customers
18 to participate in and derive benefit from alternate solar energy
19 projects.

20 b. A community solar facility authorized under this section
21 shall not serve or offer to serve electric customers in an
22 exclusive service area assigned to a rural electric cooperative,
23 nor shall a community solar facility authorized under this
24 section construct facilities in an exclusive service area
25 assigned to a rural electric cooperative unless expressly
26 authorized by the rural electric cooperative in whose exclusive
27 service area the facility would be located.

28 c. An electric utility shall provide a bill credit to a
29 subscriber's subsequent monthly electric bill. Any amount of the
30 bill credit that exceeds the subscriber's monthly bill shall be
31 carried over in the subscriber's account and applied to the next
32 month's bill in perpetuity.

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

1 e. (1) Prior to the establishment of the value of solar
2 methodology and rate under section 476.49, a subscriber to a
3 community solar facility that qualifies for bill credits at the
4 applicable retail volumetric rate shall have a minimum monthly
5 electric bill that cannot be reduced below one hundred fifty
6 percent of the commission-approved current basic service charge
7 applicable to the subscriber's rate class.

8 (2) The total capacity of the community solar program prior
9 to the establishment of the value of solar methodology and rate
10 under section 476.49 shall be no greater than two hundred fifty
11 megawatts total statewide.

12 (3) After the establishment of the value of solar methodology
13 and rate, a subscriber to a community solar facility that
14 qualifies for bill credits shall not be subject to a minimum bill
15 under subparagraph (1) and the capacity limit on the statewide
16 program shall not apply.

17 f. An electric utility shall review its interconnection
18 processes to ensure they are adequate to facilitate the
19 efficient and cost-effective interconnection of community solar
20 facilities and allow an investor-owned electric utility to
21 recover reasonable interconnection costs for each community solar
22 facility. Such interconnection costs shall be the responsibility
23 of the subscriber organization or owner of the community solar
24 facility and shall not be applied to nonparticipating ratepayers.
25 Interconnection facilities and upgrades funded by the subscriber
26 organization or owner of the community solar facility shall
27 become part of the electric utility's distribution system and may
28 enhance system capacity, reliability, and operational flexibility
29 for all customers.

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

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

33 i. An electric utility shall provide a bill credit to
34 a subscriber's subsequent monthly electric bill for the
35 proportional output of a community solar facility attributable to

1 that subscriber for not less than twenty-five years from the date
2 the solar facility is first placed into operation.

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

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

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

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

1 energy credits of the subscriber organization.

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

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

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

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

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

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

22 f. Provide for consumer protection in accordance with
23 existing laws. The commission may establish a registration
24 process for any subscriber organization or affiliate seeking
25 to solicit community solar subscribers. The commission may
26 adopt rules to ensure that a subscriber organization retains
27 marketing information for a reasonable time period and provides
28 to subscribers a disclosure in plain language that includes all
29 fees and costs associated with the subscription.

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

32 h. Ensure an electric utility does not unreasonably refuse or
33 delay interconnection of a community solar facility.

34 i. Require a subscriber organization to satisfy
35 interconnection process benchmarks, demonstrate site control, and

1 obtain all applicable nonministerial permits for a community
2 solar facility before the subscriber organization owns or
3 operates the facility.

4 4. a. Not later than eighteen months after a community solar
5 facility has ceased generating electricity, except for instances
6 when the owner is actively working to recommence production of
7 electricity, including instances following the occurrence of a
8 force majeure or similar event, the owner of the community solar
9 facility shall commence decommissioning of the facility.

10 b. Unless the property owner authorizing the community
11 solar facility to operate on the property and the owner
12 of the community solar facility mutually agree in writing
13 on an alternative condition for restoring the property, the
14 decommissioning plan for the community solar facility shall
15 include all of the following:

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

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

20 (3) Restoration of the property to a condition reasonably
21 similar to its condition before the commencement of construction,
22 except for ordinary wear and degradation and any changes to the
23 condition of the property caused by or at the request of the
24 property owner.

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

28 5. a. The owner of a community solar facility shall maintain
29 sufficient financial assurances in the form of a bond, a parent
30 company guaranty with a minimum investment grade credit rating
31 for the parent company issued by a major domestic credit rating
32 agency, or a letter of credit to provide for decommissioning.

33 b. The amount of financial assurance shall be equal to the
34 cost of decommissioning the community solar facility, less the
35 facility's salvage value, and shall be updated periodically, but

1 not less than every ten years.

2 c. Decommissioning and salvage value costs shall be
3 calculated by an independent professional engineer at the expense
4 of the owner of the community solar facility.

5 Sec. 4. IMPLEMENTATION OF TARIFFS. By January 1, 2027, an
6 electric utility, as defined in section 476.50, as enacted by
7 this Act, shall file new or updated tariffs, if applicable, to
8 implement any necessary changes resulting from this Act.

9

EXPLANATION

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The inclusion of this explanation does not constitute agreement with

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the explanation's substance by the members of the general assembly.

12

This bill establishes a community solar facility program.

13

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

32

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

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The bill requires an electric utility to bill subscribers

1 in accordance with billing methods established pursuant to Code
2 section 476.49.

3 The bill requires an electric utility to review its
4 interconnection processes with community solar facilities to
5 ensure adequacy, efficiency, and cost-effectiveness and to
6 allow an investor-owned electric utility to recover reasonable
7 interconnection costs. The bill directs the interconnection to
8 be the responsibility of the subscriber organization or owner of
9 the community solar facility and not applied to nonparticipating
10 ratepayers. The bill states that interconnection facilities
11 and upgrades funded by the subscriber organization or owner of
12 the community solar facility shall become part of the electric
13 utility's distribution system for all customers. The bill allows
14 a subscriber to include all of the subscriber's electricity
15 meters in the community solar facility. The bill provides
16 that a community solar facility may be owned by investors.
17 The bill provides specific procedures and requirements for the
18 administration of bill credits and subscriber information.

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

21 The bill requires the owner of a community solar facility to
22 have a decommissioning plan, including financial assurances. The
23 bill provides procedures and requirements for the decommissioning
24 of a community solar facility.

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