

Sec. 11. Section eighty-nine point twelve (89.12), Code 1977, is repealed.

Approved March 17, 1978

CHAPTER 1056

ENERGY RESOURCES DEVELOPMENT

S. F. 2209

AN ACT relating to energy resources by encouraging the development and use of solar energy and by providing property tax exemptions for coal held in inventory, solar energy systems, methane gas production systems.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Chapter ninety-three (93), Code 1977, is amended by adding sections two (2) through eleven (11) of this Act.

Sec. 2. NEW SECTION. LEGISLATIVE FINDINGS. The general assembly finds that:

1. The public health, safety, and welfare of the people of the state of Iowa require that an adequate supply of energy be made available to them at all times.
2. Nonrenewable energy sources are becoming more limited.
3. State government has an obligation to encourage the use of alternative renewable energy sources.
4. Solar energy systems are an effective means of reducing the dependence of the state government and the people of the state on imported energy sources and of conserving valuable fossil fuel and other nonrenewable energy sources.
5. It is in the public interest to define solar energy systems, demonstrate and study solar energy applications, apply incentives for using solar energy including property tax exemptions, educate the public on solar technology and coordinate governmental programs affecting solar energy.

Sec. 3. NEW SECTION. DEFINITIONS. As used in this Act, unless the context otherwise requires:

1. "Conventional energy system" means an energy system using fossil fuel, nuclear or hydroelectric energy and the components of the system, including transmission lines, burners, furnaces, tanks, boilers, related controls, distribution systems, room or area units and other components.
2. "Joint solar energy system" means a solar energy system involving at least two owners or users that supplies energy

for structures or processes on more than one lot or in more than one condominium unit or leasehold, but not to the general public.

3. "Solar energy system" means a system of equipment capable of collecting and converting incident solar radiation, wind energy or organic materials into heat, mechanical or electrical energy and transforming these forms of energy by a separate apparatus to a point of storage or end use.

4. "Solar skyspace" means the maximum three dimensional space extending from a solar energy collector to all positions of the sun necessary for efficient use of the collector.

5. "Public energy supplier" means any publicly, privately, municipally or cooperatively owned utility that furnishes electricity or gas to the general public for a fee.

Sec. 4. NEW SECTION. PROGRAM CREATED. There is created the Iowa comprehensive solar energy program under the direction of the council. The director of energy policy shall administer the program and may accept, receive and administer and may expend with the approval of the council, any gifts, grants or other public or private funds for the program. The director shall cooperate with and use the facilities and resources of existing state agencies, public and private educational institutions, business, civic associations, industrial and professional representatives and local governments in carrying out the provisions of this Act.

Sec. 5. NEW SECTION. DEMONSTRATION PROJECTS. The council shall prepare a plan for instituting a variety of solar energy system demonstration projects in public and private buildings or for public and private use throughout the state and shall make such plan available to the general assembly.

Sec. 6. NEW SECTION. INCENTIVE PROGRAM. The council, in cooperation with appropriate state agencies, shall develop an incentive program for encouraging the construction and use of cost effective solar energy systems within this state. Development of the incentive program shall include studies of:

1. Laws, regulations, ordinances, rules and plans for the purpose of determining the extent to which the laws, regulations, ordinances, rules and plans inhibit or encourage the use of solar energy systems.
2. The market penetration of solar energy systems.
3. Solar skyspace rights.
4. Performance standards for solar energy systems.

The council shall submit a progress report of its findings

and recommendations concerning incentive programs and studies mandated by this section to the general assembly not later than January 15, 1979 and periodically thereafter as necessary. The initial progress report shall include bill drafts necessary to implement the council's solar skyspace rights recommendations.

Sec. 7. NEW SECTION. ASSISTANCE PROGRAM. The council may provide upon request any technical or available financial assistance deemed necessary to encourage the development of solar energy systems in this state, under the provisions of section ninety-three point fourteen (93.14) of the Code.

Sec. 8. NEW SECTION. PUBLIC EDUCATION. The council may, in cooperation with other state agencies, units of local government, and other institutions, plan, prepare, and develop educational programs for the public regarding the use of solar energy systems. However to the maximum extent feasible, the council shall leave the responsibility for actually implementing the solar energy educational programs to existing state agencies, units of local government, and other institutions responsible for educating the public.

Sec. 9. NEW SECTION. STUDY OF PUBLIC ENERGY SUPPLIERS AND SOLAR ENERGY. The council shall, in cooperation with the Iowa state commerce commission, study the relationship between public energy suppliers and the use of solar energy systems and shall make recommendations concerning its findings to the general assembly. The study shall identify different scenarios relating to the development and use of solar energy and shall determine for each scenario ways to:

1. Integrate the supply of conventional energy with solar energy systems at reasonable rates and under reasonable conditions of service; and
2. Minimize the economic and load impact on public energy suppliers of the use of solar energy systems; and
3. Develop criteria for load forecast projections in the service area of public energy suppliers which consider the potential use of solar energy systems.

Sec. 10. NEW SECTION. SOLAR ENERGY SYSTEM REGULATION STUDY. The Iowa state commerce commission shall, in cooperation with the council, study the impacts of the use of joint solar energy systems and shall make recommendations concerning its findings to the general assembly. The study shall:

1. Estimate the rate of development and use of joint solar energy systems through 1985.

2. Examine the need for regulation of joint solar energy systems, the administrative costs of regulation and enforcement mechanisms.

3. Examine the need for the use of the power of eminent domain.

4. Determine the effects on service areas, cost of service and other effects of the use of joint solar energy systems on public energy suppliers.

5. Identify ways to prevent undue economic hardship on the public energy supplier and its customers.

6. Identify ways to promote the development and use of joint solar energy systems.

The study shall also examine the need for regulation of the financing, sales and service of solar energy systems.

Sec. 11. NEW SECTION. PROVISION OF SOLAR ENERGY SYSTEMS BY PUBLIC ENERGY SUPPLIERS. The financing, sales and service of solar energy systems shall be a valid service and purpose of a public energy supplier. However nothing in this section shall be construed to prohibit within the service area as determined under sections four hundred seventy-six point twenty-two (476.22) through four hundred seventy-six point twenty-five (476.25) of the Code of a public energy supplier:

1. The financing, sales and service of solar energy systems by an individual, corporation or institution that is not a public energy supplier.

2. The financing of solar energy systems by a unit of government that is not a public energy supplier.

Sec. 12. Section four hundred forty-one point twenty-one (441.21), subsection three (3), Code 1977, is amended by adding the following new unnumbered paragraphs:

NEW UNNUMBERED PARAGRAPH. Notwithstanding unnumbered paragraph one (1) of this subsection, any construction or installation of a solar energy system or gas production systems using waste or manure to produce gas completed on property classified as agricultural, residential, commercial, or industrial property shall not increase the actual, assessed and taxable values of such property for assessment years beginning on January 1, 1979 and ending on or before December 31, 1985.

NEW UNNUMBERED PARAGRAPH. As used in this subsection "solar energy system" means a system of equipment capable of collecting and converting incident solar radiation or wind energy into heat, mechanical or electrical energy and

transforming these forms of energy by a separate apparatus to storage or to point of use.

Sec. 13. Section four hundred twenty-seven point one (427.1), Code 1977, is amended by adding the following new subsection:

NEW SUBSECTION. Coal which is held in inventory to be used for methane gas production or other purposes by a person, corporation, partnership, or other business entity, except coal held in inventory which is owned by a person, corporation, partnership, or other business entity whose property is assessed by the department of revenue pursuant to sections four hundred twenty-eight point twenty-four (428.24) to four hundred twenty-eight point twenty-nine (428.29) of the Code or chapters four hundred thirty-three (433) to four hundred thirty-eight (438) of the Code.

Sec. 14. Chapter four hundred seventy-six (476), Code 1977, is amended by adding the following new section:

NEW SECTION. DISCRIMINATION PROHIBITED. A municipality, corporation or cooperative association providing electrical or gas service shall not consider the use of renewable energy sources by a customer as a basis for establishing discriminatory rates or charges for any service or commodity sold to the customer or discontinue services or subject the customer to any other prejudice or disadvantage based on the customer's use or intended use of renewable energy sources. As used in this section, "renewable energy sources" includes but is not limited to, solar heating, wind power and the conversion of urban and agricultural organic wastes into methane gas and liquid fuels.

Sec. 15. The code editor shall place sections two (2) through eleven (11) of this Act as a new division in chapter ninety-three (93) of the Code.

Approved June 14, 1978