

IOWA RENEWABLE ELECTRICITY STANDARD SUMMARY

A. SUMMARY: Iowa's Alternative Energy Production law is one of the earliest instances of a renewable electricity standard (RES) policy in the United States. The law, passed in 1983, is a capacity-based standard requiring investor-owned utilities to purchase a shared total of 105 MW of in-state renewable generating capacity and associated energy production (i.e., alternate energy production).

B. AUTHORIZING LEGISLATION/REGULATION

1. Part of Broader Energy Package? No

2. Legislative/Regulatory Intent: It is the policy of the state to encourage the development of alternate energy production facilities and small hydro facilities to conserve our finite and expensive energy resources and provide for their most efficient use.

3. Applicable Legislation/Regulation:

[Code of Iowa \(2003\) 476.41-476.45](#)

Alternate Energy Production Facilities

4. Date Enacted: 1983; revised 1991. Further amended in 2003.

5. Date Effective: 2/9/97. Implementation delayed because of legal challenges.

C. RULEMAKING

1. Implementing/Rulemaking Authority: Iowa Utilities Board within the Utilities Division of the state Department of Commerce

2. Rulemaking completed to date: [Iowa Admin. Code 199—15.11\(476\)](#)

D. TARGETS AND TIMETABLES

1. Brief Overview: Iowa law is a capacity-based standard, requiring investor owned utilities to contract for 105 MW of renewable energy capacity statewide per year with no mandated increases. The 2003 amendment permits investor-owned utilities to meet the standard with generating capacity owned by them as well as renewable capacity under contract.[5] As of 1997, this standard was being met as follows.[7]

2. Schedule:

Provider	Sources	Capacity (MW)
MidAmerican Energy Company	Mostly wind	55.2 MW [currently exceeds this standard]
Interstate Power & Light Company	Mostly wind	49.8 MW

3. Treatment of Existing Capacity: Existing capacity is eligible.

4. Escape Clauses: No

5. Review Requirements: Notwithstanding the one hundred five megawatt maximum, the board may increase the amount of power that a utility is required to purchase at the rates established pursuant to section 476.43 if the board finds that a utility, including a reorganized utility, exceeds its 1990 Iowa retail peak demand by twenty percent and the additional power the utility is required to purchase will encourage the development of alternate energy production facilities and small hydro facilities.

6. Sunset Clause: None

E. DEFINITION AND CERTIFICATION OF ELIGIBLE RESOURCES AND TECHNOLOGIES

1. Eligible Resources Alternate energy production facility includes:

- Solar
- Wind turbine: currently, principal source of eligible capacity
- Waste management
- Resource recovery
- Refuse-derived fuel
- Agricultural crops or residues
- Wood burning facilities
- Small hydro facility

2. Special Incentives/Exclusions: NA

3. Treatment of Self Generation: Rules do not apply to those generating power for own use. [leg]

4. Rules governing Location of Generating Facilities: Utilities must (1) own alternate energy production facilities or small hydro facilities located in this state, or (2) enter into long-term contracts to purchase or wheel electricity from alternate energy production facilities or small hydro facilities located in the utility's service area.

5. Eligibility of Green Pricing Programs: Eligibility of renewable energy obtained through green pricing programs is not addressed by the legislation. In July 2001 Iowa

Governor Thomas Vilsack signed into law a bill (HF 577) requiring all electric utilities operating in the state, including those not regulated by the Iowa Utilities Board (IUB), to offer green power options that allow their customers to voluntarily contribute to the development of alternate energy in Iowa, beginning January 1, 2004.

F. COVERED UTILITIES

- 1. Covered utilities:** Only two investor-owned utilities are covered by provisions of statute: Interstate Power and Light and MidAmerican Energy
- 2. Share of state sales/capacity/delivered power?** ~ 74 percent of total 2004 electric sales.
- 3. Apportionment of obligation among utilities:** Iowa code states that the Utilities Board within the Utilities Division of the Department of Commerce shall allocate the one hundred five megawatts based upon each utility's percentage of the total Iowa retail peak demand of all utilities subject to the legislation. [leg]
- 4. Exemptions by customer class?** None

G. COST PROVISIONS

- 1. Cost Cap for Retailers:** NA
- 2. Cost Cap for Consumers:** NA
- 3. Cost Recovery Mechanisms:** Contract purchase costs are recovered through automatic adjustment clauses. Utility-owned capacity is included in rate base. The Iowa Utilities Board shall require electric utilities to enter into long-term contracts to purchase or wheel electricity from alternate energy production facilities or small hydro facilities located in the utility's service area under the terms and conditions that the board finds are just and economically reasonable to the electric utilities' ratepayers and are nondiscriminatory to alternate energy producers and small hydro producers.

The rates shall be established at levels sufficient to stimulate the development of alternate energy production and small hydro facilities in Iowa and to encourage the continuation of existing capacity from those facilities. The board may adopt individual utility or uniform statewide facility rates. However, in 1997, the FERC ruled that Iowa could not mandate incentive rates that exceeded the utility's avoided costs.

An alternate energy revolving loan fund created in the office of the treasurer of state is administered by the Iowa energy center. Moneys in the fund shall be used to provide loans for the construction of alternate energy production facilities or small hydro facilities as defined in section 476.42. A facility shall be eligible for no more than two hundred fifty thousand dollars (\$250,000) in loans outstanding at any time

under this program. Each loan shall be for a period not to exceed twenty years, shall bear no interest, and shall be repayable to the fund created under this section in installments as determined by the Iowa energy center.

4. **Supply Contract Requirements:** Law requires the Iowa Utilities Board to require electric utilities to enter into long-term contracts to purchase or wheel electricity from alternate energy production facilities or small hydro facilities located in the utility's service area under the terms and conditions that the board finds are just and economically reasonable to the electric utilities' ratepayers, are nondiscriminatory to alternate energy producers and small hydro producers.

5. **Special Funds:** None

H. COMPLIANCE AND ENFORCEMENT

1. **Certification, tracking, and trading mechanism[s].** Eligible resources are determined by contract path, although Iowa is currently exploring the possibility of participating in an upper Midwest tracking system.
2. **Flexibility Mechanisms:** No provisions for banking or other mechanisms
3. **Penalties, Procedures, Powers, and Sanctions:** No explicit penalties except through normal regulatory oversight and enforcement by the Iowa Utilities Board.
4. **Treatment of emission allowance or reduction credits:** NA

I. ADMINISTRATION

1. **Administering Entities, Duties, Powers, and Contact Information:** The Iowa Utilities Board has been responsible for the administration of the program as part of its regular regulatory and oversight authority.

Iowa Utilities Board
350 Maple Street
Des Moines, IA 50319
Phone: (515) 281-5679
Fax: (515) 281-5329
Web site: <http://www.state.ia.us/iub/>

J. REPORTING REQUIREMENTS AND PROGRAM STATUS

1. **Reporting Requirement:** Beginning April 1, 2004, each utility shall file an annual report listing nameplate MW capacity and associated monthly MWh purchased from alternative energy production (AEP) facilities, itemized by AEP facility.

Annual reports of the Iowa Utilities Board may be accessed at
<http://www.state.ia.us/government/com/util/util.html>

2. Cost Information: NA

K. STATUS OF PROGRAM AND SPECIAL NOTES

Iowa has satisfied its RES requirements, and the program is currently inactive. In his January 2003 “Condition of the State” address, Governor Vilsack set a voluntary goal of 1,000 MW of renewable energy in the state by 2010. The goal is to be funded in part by the \$500 million Iowa Values Fund, a public/private partnership. More than 900 MW of renewable energy capacity has already been installed through 2005.