



2012 USGO LEGISLATIVE REPORT

IOWA

(June, 2012)

2012 – 84th Iowa General Assembly

- The Second Session of the 84th Iowa General Assembly gaveled to order on January 9, 2012
- Governor Terry Branstad (*serving the second year of his 5th Term*) – Republican
- One new legislator (Senator Liz Mathis) replaced former Senator Swati Dandekar who was appointed to the state's Iowa Utilities Board (utility commission).
- House – 60 Republicans, 40 Democrats
- Senate – Democrats 26, Republicans 24
- Legislature adjourned on May 9.

2012 MAJOR ENERGY LEGISLATION

1. Nuclear Bill – MidAmerican Energy (HF-561) *Was NOT Approved

In 2011 **MidAmerican Energy** brought forward legislation that would have established a new regulatory construct that would have provided the regulatory certainty needed for Iowa to attract the significant capital required for a nuclear facility. The bill was approved (68-30) by the House in 2011 but was not debated on the Senate floor. In 2012 the bill was substantially amended and approved by the Senate Commerce Committee but was not called up for full Senate debate.

2. Stray Voltage Claim Treatment (SF-2286) *Was NOT Approved

The Iowa REC's brought forward legislation supported by the utility industry that would have established new protocols, procedures and standards for claims arising from stray voltage. The REC's bill would have required the Iowa Utilities Board (commission) to establish stray voltage standards and to use measurement tools to determine if stray voltage exists.

3. Transmission Ownership for Municipal Utilities (HF-2144) *Was Signed into Law

Municipal utilities sought specific authority for joint ownership of electric transmission facilities located within and outside of Iowa. The bill was approved without dissent by both chambers.

4. Purchases and Sales of Scrap Metals (HF-2399) *Was Signed into Law

The utility industry supported additional requirements for the sale and purchase of scrap metal sales. The new law places additional requirements for identifying and keeping records of scrap metal sales and enacts new penalties for violation.

5. Advance Notice of Alternative Energy Facilities (HF-2301) *Was Signed into Law

Iowa's REC's initiated legislation that requires owners of alternative energy facilities to provide advance notification to their utility of any new installations or construction involving an alternative energy facility.

6. New Geothermal and Solar Tax Credits (SF-2342) *Was Signed into Law

During the last days of this year's session, the Legislature approved new tax credits for the installation of residential geothermal systems and residential and corporate solar systems. The new law creates an individual state income tax credit equal to 20% of the federal residential energy efficiency tax credit for geothermal heat pumps. The bill also prevents the installation of a geothermal heat pump from increasing the assessed value of the residential property for 10 years. In addition, the new law creates a state individual and corporate income tax credit equal to 25% of a federal tax credit for the installation of solar energy systems.

7. Municipal Utility Customer Records Remain Private (SF-2058) *Was Signed into Law

Iowa's municipal utilities successfully clarified that certain customer records of a city-owned utility are to remain private.

8. Utility City Franchise Fee Increase for Des Moines (HF-2465) *Was Vetoed by Governor

The Governor vetoed language in the "Standings Bill" that would have allowed the City of Des Moines to hold a city election to gain approval to increase its utility franchise fees up to 7.5% for seven years between 2012 to 2030 in order to satisfy any court-approved settlements against the city. In March, the Iowa State Supreme Court ruled that some of the franchise fees the City of Des Moines charged residents on their utility bills were illegal. Lawyers estimated the refund of fees paid by MidAmerican Energy customers from 2004 and May 2009 could reach \$40 million. The court ruled that the city could collect only \$2.1 million a year for electric utilities and \$1.5 million for gas. The case resulted from an action in 2004 when Des Moines decided to increase gas and electric utilities' franchise fees--fees paid to compensate cities for the administration and regulation of gas and electric utilities in city rights-of-way--from 1 percent to 3 percent and to put the money in a general fund.

9. Tax Credit Eligibility for Ethanol Plant Gas Cogen (HF-2465) *Was Signed into Law

In the final days of the session the Legislature approved a clarification of current law that allows a 10 MW natural gas cogeneration facility associated with an ethanol plant to be eligible for the state's renewable energy tax credit program. A natural gas cogeneration facility has filed for the state's renewable energy tax credits and has advocated that it needs this change to satisfy its eligibility for the tax credits.

OTHER BILLS – NOT APPROVED BY LEGISLATURE:

- ✓ Tax Credits for Facilities Dispensing Electricity or CNG to Fuel Motor Vehicles – [SF-520](#)
- ✓ Authorization for County-Owned Utility (Gas Pipeline) Facilities – [SF-2266](#)
- ✓ Feed-in-Tariffs for Small Wind Producers – [SF-2239](#)
- ✓ Renewable Energy Production Standards or Goals – [SF-2029](#)
- ✓ Additional Requirements for Utilities to Identify Underground Facilities – [SF-2039](#)
- ✓ New Requirements for Utilities to Disclose Energy Cost Records – [HF-2153](#)
- ✓ Utility Energy Efficiency Programs to be Provided by Independent Entity – [HF-2249](#)