

FEB 22 2006

COMMERCE, REGULATION & LABOR

HOUSE FILE 2489
BY MAY, STRUYK, SODERBERG,
and FREEMAN

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to eligibility requirements for the renewable
2 energy tax credit and providing an effective date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2489

1 Section 1. Section 476C.3, subsection 1, Code Supplement
2 2005, is amended to read as follows:

3 1. A producer or purchaser of renewable energy may apply
4 to the board for a written determination regarding whether a
5 facility is an eligible renewable energy facility by
6 submitting to the board a written application containing all
7 of the following:

8 a. Information regarding the ownership of the facility
9 including the percentage of equity interest held by each
10 owner.

11 b. The nameplate generating capacity of the facility or
12 energy production capacity equivalent.

13 c. Information regarding the facility's initial placement
14 in service.

15 d. Information regarding the type of facility and what
16 type of renewable energy the facility will produce.

17 e. A copy of the power purchase agreement or other
18 agreement to purchase electricity, hydrogen fuel, methane or
19 other biogas, or heat for a commercial purpose which shall
20 designate either the producer or purchaser of renewable energy
21 as eligible to apply for the renewable energy tax credit.

22 f. A letter of credit in an amount reasonably sufficient
23 to finance the construction of the facility.

24 ~~f.~~ g. Any other information the board may require.

25 Sec. 2. Section 476C.3, subsection 3, Code Supplement
26 2005, is amended by striking the subsection and inserting in
27 lieu thereof the following:

28 3. A facility loses its approval by the board as an
29 eligible renewable energy facility if any of the following
30 occur:

31 a. The facility is not operational within eighteen months
32 after issuance of an approval for the facility by the board.

33 b. The owner of the facility does not provide the board
34 within ninety days after issuance of an approval for the
35 facility by the board an executed power purchase agreement or

1 other executed agreement to sell electricity, heat for a
2 commercial purpose, methane gas or other biogas, or hydrogen
3 fuel generated by the facility to a purchaser of renewable
4 energy.

5 c. Within one hundred eighty days after issuance of an
6 approval for the facility by the board, the owner of the
7 facility fails to place an amount equal to twenty percent of
8 the total moneys needed to finance the construction of the
9 facility in an escrow account until invested in the
10 construction of the facility and provide proof to the board
11 that the moneys have been placed in escrow as required by this
12 paragraph.

13 3A. A facility that is granted and thereafter loses
14 approval as an eligible renewable energy facility under this
15 section may reapply to the board for a new determination.

16 Sec. 3. EFFECTIVE DATE. This Act, being deemed of
17 immediate importance, takes effect upon enactment.

18 EXPLANATION

19 This bill relates to the eligibility requirements for the
20 renewable energy tax credit. The bill provides that when a
21 producer or purchaser of renewable energy applies to the Iowa
22 utilities board for a determination regarding whether a
23 renewable energy facility is an eligible renewable energy
24 facility, the producer or purchaser must provide with the
25 application a letter of credit in an amount that is reasonably
26 sufficient to finance the construction of the renewable energy
27 facility.

28 The bill provides that in addition to the current
29 requirement that a facility be operational within 18 months
30 after receiving approval as an eligible renewable energy
31 facility by the board, the owner of the facility must also
32 provide the board, within 90 days after approval, an executed
33 power purchase agreement or other executed agreement to sell
34 electricity, heat for a commercial purpose, methane gas or
35 other biogas, or hydrogen fuel generated by the facility to a

1 purchaser of renewable energy. The bill requires an owner of
2 a facility that has received approval by the board as an
3 eligible renewable energy facility to place an amount equal to
4 20 percent of the total moneys needed to finance the
5 construction of the facility in an escrow account within 180
6 days after approval. The owner must provide the board with
7 proof that the moneys have been placed in an escrow account as
8 required by the bill.

9 A facility can lose its approval as a renewable energy
10 facility requiring the owner of the facility to reapply for
11 approval if the facility is not operational within 18 months,
12 if the owner fails to provide an executed power purchase
13 agreement or other documentation of the sale of renewable
14 energy, or if the owner fails to place an amount equal to 20
15 percent of the total moneys needed to finance the construction
16 of the facility as required by the bill. However, a facility
17 can reapply for a new determination of approval.

18 The bill takes effect upon enactment.

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