

Senate File 450 - Introduced

SENATE FILE 450
BY CELSI

A BILL FOR

1 An Act relating to energy efficiency plan filing requirements
2 for certain public utilities, and including effective date
3 provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 476.1A, subsection 1, Code 2019, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. *g.* Filing energy efficiency plans and energy
4 efficiency results with the board. The energy efficiency plans
5 as a whole shall be cost-effective. The board may permit these
6 utilities to file joint plans. The board shall periodically
7 report the energy efficiency results including energy savings
8 of each of these utilities to the general assembly. The board
9 may waive all or part of the energy efficiency filing and
10 review requirements for electric cooperative corporations and
11 associations and electric public utilities which demonstrate
12 superior results with existing energy efficiency efforts.

13 Sec. 2. Section 476.1B, subsection 1, Code 2019, is amended
14 by adding the following new paragraph:

15 NEW PARAGRAPH. *m.* Filing energy efficiency plans and energy
16 efficiency results with the board. The energy efficiency plans
17 as a whole shall be cost-effective. The board may permit these
18 utilities to file joint plans. The board shall periodically
19 report the energy efficiency results including energy savings
20 of each of these utilities to the general assembly.

21 Sec. 3. Section 476.6, subsection 15, Code 2019, is amended
22 to read as follows:

23 15. *Energy efficiency implementation, cost review, and cost*
24 *recovery.*

25 *a.* ~~(1) (a)~~ Electric Gas and electric utilities required
26 to be rate-regulated under this chapter shall file five-year
27 energy efficiency plans and ~~demand response plans~~ with the
28 board. ~~Gas utilities required to be rate-regulated under~~
29 this chapter shall file five-year energy efficiency plans
30 ~~with the board.~~ An energy efficiency plan and budget ~~or a~~
31 ~~demand response plan and budget~~ shall include a range of energy
32 ~~efficiency or demand response~~ programs, tailored to the needs
33 of all customer classes, including residential, commercial,
34 and industrial customers, for energy efficiency opportunities.
35 The plans shall include programs for qualified low-income

1 persons including a cooperative program with any community
2 action agency within the utility's service area to implement
3 countywide or communitywide energy efficiency programs for
4 qualified low-income persons. Rate-regulated gas and electric
5 utilities shall utilize Iowa agencies and Iowa contractors to
6 the maximum extent cost-effective in their energy efficiency
7 plans or demand response plans filed with the board.

8 ~~(b) The board shall allow a customer of an electric utility
9 that is required to be rate-regulated to request an exemption
10 from participation in any five-year energy efficiency plan
11 offered by an electric utility if the energy efficiency plan
12 and demand response plan, at the time of approval by the board,
13 have a cumulative rate-payer impact test result of less than
14 one. Upon receipt of a request for exemption submitted by
15 a customer, the electric utility shall grant the exemption
16 and, beginning January 1 of the following year, the customer
17 shall no longer be assessed the costs of the plan and shall be
18 prohibited from participating in any program included in such
19 plan until the exemption no longer applies, as determined by
20 the board.~~

21 ~~(2) Gas and electric utilities required to be
22 rate-regulated under [this chapter](#) may request an energy
23 efficiency plan or demand response plan modification during the
24 course of a five-year plan. A modification may be requested
25 due to changes in funding as a result of public utility
26 customers requesting exemptions from the plan or for any other
27 reason identified by the gas or electric utility. The board
28 shall take action on a modification request made by a gas or
29 electric utility within ninety days after the modification
30 request is filed. If the board fails to take action within
31 ninety days after a modification request is filed, the
32 modification request shall be deemed approved.~~

33 ~~(3) The board shall adopt rules pursuant to chapter 17A
34 establishing reasonable processes and procedures for utility
35 customers from any customer class to request exemptions~~

1 ~~from energy efficiency plans that meet the requirements of~~
2 ~~subparagraph (1), subparagraph division (b). The rules adopted~~
3 ~~by the board shall only apply to electric utilities that are~~
4 ~~required to be rate-regulated.~~

5 *b.* A gas and electric utility required to be rate-regulated
6 under **this chapter** shall assess potential energy and capacity
7 savings available from actual and projected customer usage
8 by applying commercially available technology and improved
9 operating practices to energy-using equipment and buildings.
10 The utility shall submit the assessment to the board. Upon
11 receipt of the assessment, the board shall consult with the
12 economic development authority to develop specific capacity
13 and energy savings performance standards for each utility.
14 The utility shall submit an energy efficiency plan which
15 shall include economically achievable programs designed to
16 attain these energy and capacity performance standards. The
17 board shall periodically report the energy efficiency results
18 including energy savings of each utility to the general
19 assembly.

20 *c.* (1) The board shall conduct contested case proceedings
21 for review of energy efficiency plans, ~~demand response plans,~~
22 and budgets filed by gas and electric utilities required to be
23 rate-regulated under **this chapter**.

24 ~~(2) Notwithstanding the goals developed pursuant to~~
25 ~~paragraph "b", the board shall not require a gas utility to~~
26 ~~adopt an energy efficiency plan that results in projected~~
27 ~~cumulative average annual costs that exceed one and one-half~~
28 ~~percent of the gas utility's expected annual Iowa retail rate~~
29 ~~revenue from retail customers in the state, shall not require~~
30 ~~an electric utility to adopt an energy efficiency plan that~~
31 ~~results in projected cumulative average annual costs that~~
32 ~~exceed two percent of the electric utility's expected annual~~
33 ~~Iowa retail rate revenue from retail customers in the state,~~
34 ~~and shall not require an electric utility to adopt a demand~~
35 ~~response plan that results in projected cumulative average~~

~~1 annual costs that exceed two percent of the electric utility's
2 expected annual Iowa retail rate revenue from retail customers
3 in the state. For purposes of determining the two percent
4 threshold amount, the board shall exclude from an electric
5 utility's expected annual Iowa retail rate revenue the revenues
6 expected from customers that have received exemptions from
7 energy efficiency plans pursuant to paragraph "a". This
8 subparagraph shall apply to energy efficiency plans and demand
9 response plans that are effective on or after January 1, 2019.~~

10 ~~(3)~~ (2) The board may approve, reject, or modify the plans
11 and budgets. Notwithstanding the provisions of section 17A.19,
12 subsection 5, in an application for judicial review of the
13 board's decision concerning a utility's energy efficiency plan
14 or budget, the reviewing court shall not order a stay.

15 ~~(4)~~ (3) The board shall ~~approve, reject, or may~~ modify
16 a plan filed pursuant to ~~this subsection~~ no later than March
17 31, 2019. ~~If the board fails to approve, reject, or modify a~~
18 ~~plan filed by a gas or electric utility on or before such date,~~
19 ~~any energy efficiency plan or budget filed by the a gas or~~
20 ~~electric utility that was approved by the board prior to May 4,~~
21 ~~2018, shall be terminated. The board shall not require a gas~~
22 ~~or electric utility to implement an energy efficiency plan or~~
23 ~~demand response plan that does not the effective date of this~~
24 ~~Act, or require a gas or electric utility to file a new energy~~
25 ~~efficiency plan or budget on or after the effective date of~~
26 ~~this Act, to ensure that gas and electric utilities implement~~
27 ~~energy efficiency plans and budgets which meet the requirements~~
28 ~~of this subsection.~~

29 ~~(5)~~ (4) Whenever a request to modify an approved plan or
30 budget is filed subsequently by the office of consumer advocate
31 or a gas or electric utility required to be rate-regulated
32 under this chapter, the board shall promptly initiate a formal
33 proceeding if the board determines that any reasonable ground
34 exists for investigating the request. The formal proceeding
35 may be initiated at any time by the board on its own motion.

1 Implementation of board-approved plans or budgets shall
2 be considered continuous in nature and shall be subject to
3 investigation at any time by the board or the office of the
4 consumer advocate.

5 *d.* Notice to customers of a contested case proceeding for
6 review of energy efficiency plans, ~~demand response plans,~~ and
7 budgets shall be in a manner prescribed by the board.

8 *e.* (1) A gas or electric utility required to be
9 rate-regulated under [this chapter](#) may recover, through an
10 automatic adjustment mechanism filed pursuant to [subsection 8,](#)
11 over a period not to exceed the term of the plan, the costs of
12 an energy efficiency plan ~~or demand response plan~~ approved by
13 the board in a contested case proceeding conducted pursuant to
14 paragraph "c". ~~Customers that have been granted exemptions from~~
15 ~~energy efficiency plans pursuant to paragraph "a", shall not~~
16 ~~be charged for recovery of energy efficiency costs beginning~~
17 ~~January 1 of the year following the year in which the customer~~
18 ~~was granted the exemption.~~

19 (2) The board shall periodically conduct a contested case
20 proceeding to evaluate the reasonableness and prudence of the
21 utility's implementation of an approved energy efficiency
22 ~~or demand response~~ plan and budget. If a utility is not
23 taking all reasonable actions to cost-effectively implement
24 an approved energy efficiency plan, the board shall not allow
25 the utility to recover from customers costs in excess of those
26 costs that would be incurred under reasonable and prudent
27 implementation and shall not allow the utility to recover
28 future costs at a level other than what the board determines
29 to be reasonable and prudent. If the result of a contested
30 case proceeding is a judgment against a utility, that utility's
31 future level of cost recovery shall be reduced by the amount
32 by which the programs were found to be imprudently conducted.
33 Beginning January 1, 2019, a gas or electric utility shall
34 represent energy efficiency ~~and demand response~~ in customer
35 billings as a separate cost or expense.

1 f. A rate-regulated utility required to submit an energy
2 efficiency plan under **this subsection** shall, upon the request
3 of a state agency or political subdivision to which it provides
4 service, provide advice and assistance regarding measures
5 which the state agency or political subdivision might take in
6 achieving improved energy efficiency results. The cooperation
7 shall include assistance in accessing financial assistance for
8 energy efficiency measures.

9 Sec. 4. Section 476.6, Code 2019, is amended by adding the
10 following new subsection:

11 NEW SUBSECTION. 16A. *Energy efficiency program*
12 *financing.* The board may require each rate-regulated gas
13 or electric public utility to offer qualified customers the
14 opportunity to enter into an agreement for the amount of
15 moneys reasonably necessary to finance cost-effective energy
16 efficiency improvements to the qualified customers' residential
17 dwellings or businesses.

18 Sec. 5. EFFECTIVE DATE. This Act, being deemed of immediate
19 importance, takes effect upon enactment.

20 EXPLANATION

21 The inclusion of this explanation does not constitute agreement with
22 the explanation's substance by the members of the general assembly.

23 This bill modifies energy efficiency plan filing
24 requirements for certain public utilities.

25 Current law exempts electric public utilities with fewer
26 than 10,000 customers, electric cooperative corporations and
27 associations, and municipally owned utilities furnishing gas or
28 electricity from regulation by the Iowa utilities board, unless
29 otherwise specified in law. The bill requires such entities to
30 file energy efficiency plans and energy efficiency results with
31 the board, as described in the bill.

32 Current Code section 476.6(15) requires rate-regulated
33 electric utilities to file five-year energy efficiency plans
34 and demand response plans with the board, and rate-regulated
35 gas utilities to file five-year energy efficiency plans with

1 the board. Current law allows electric utility customers to
2 request exemptions from participation in energy efficiency
3 plans and gas and electric utilities to request plan
4 modifications. A gas utility is not required to adopt a plan
5 that results in projected cumulative average annual costs
6 that exceed one and one-half percent of its expected annual
7 Iowa retail rate revenue, whereas an electric utility is not
8 required to adopt a plan that results in projected cumulative
9 average annual costs that exceed 2 percent of its expected
10 annual Iowa retail rate revenue.

11 The bill removes references to "five-year" and "demand
12 response plans" throughout Code section 476.6(15), thereby
13 requiring rate-regulated gas and electric utilities to file
14 energy efficiency plans with the board, as described in the
15 bill. The bill removes provisions allowing electric utility
16 customers to request exemptions from participation in energy
17 efficiency plans and gas and electric utilities to request plan
18 modifications. The bill also removes provisions which limit a
19 gas or electric utility's plan to no more than one and one-half
20 percent or 2 percent of the utility's expected annual Iowa
21 retail rate revenue, as applicable.

22 The bill allows the board to modify any energy efficiency
23 plan or budget approved prior to the effective date of the
24 bill, or require a gas or electric utility to file a new energy
25 efficiency plan or budget on or after such date, to ensure
26 that gas and electric utilities implement energy efficiency
27 plans and budgets which meet the requirements of the bill. The
28 bill also allows the office of consumer advocate to request to
29 modify an approved energy efficiency plan or budget, as well as
30 a rate-regulated gas or electric utility.

31 The bill allows the board to require each rate-regulated
32 gas or electric utility to offer energy efficiency program
33 financing to qualified customers, as described in the bill.

34 The bill takes effect upon enactment.