



IOWA HOUSE DEMOCRATS

BILL & AMENDMENT SUMMARY

Sun Tax SF 583

Status of Bill: House Calendar

Committee: Commerce (23-0)

Research Analyst: Alison Ver Schuer; (515)281-5939; Alison.Ver.Schuer@legis.iowa.gov

Lead Democrat: Rep. Forbes

Floor Manager: Rep. Carlson

Background

On January 7, 2014, the Iowa Utilities Board (IUB) created a docket to consider the policy and technical issues related to the widespread use of solar energy, noting that the data obtained would be useful to the IUB and other agencies involved in energy, environmental and economic policy.

On July 19, 2016, the IUB issued an order directing Iowa Power and Light (Alliant) and MidAmerican Energy to file new net metering tariffs that would be effective for a three-year study period and would do the following:

- Increase net metering cap up to 100% of a customer's load;
- Allow all customer classes to net meter, but specify that each customer will only offset the energy charges, not the customer or demand charge; and
- Provide for an annual cash-out of excess credits at the utility's tariffed avoided cost rate.

After three years, the IUB would use the data collected from the pilot program to evaluate electric utilities' rates, terms, and conditions provided to solar customers and analyze cost/benefits for utilities and solar customers. The project is currently 2 years into a 3-year term and will begin the final states of collecting and evaluating data to inform future rate and related terms for customers.

Bill Summary

Currently, Iowa solar energy consumers are required to pay up front for the cost of interconnecting to the grid along with any necessary upgrades to the infrastructure. Additionally, solar customers pay a monthly fixed service charge regardless of energy generation.

SF 583 would alter Iowa's current net metering structure by allowing investor-owned utilities to do the following: (1) eliminate cross-subsidization; (2) increase infrastructure costs for solar energy consumers; (3) increase consumer rates to recover the utility's cost of providing solar service; and (4) require solar customers to choose from only four specific rate structures filed with the IUB. All tariff rates charged to net metering customers must recover the utility's cost of providing service to solar energy consumers and would cap excess energy credits at a rate that does not exceed the utility's avoided cost.

Currently, there is no Code language relating to tariff filing deadlines. SF 583 would require the IUB to review, modify or approve all filed net metering tariffs within 90 days. If the IUB fails to take action within this time, the tariffs must be automatically approved. Any approved tariff will supersede all previously approved tariffs except for preexisting agreements between the utility and solar energy consumers. Once solar energy consumers terminate electric service with the utility, then the new tariff rate shall apply.

This bill is authored by MidAmerican Energy.

Amendment Summary

H-8033 (Committee Amendment): This strike-after amendment replaces current language with the following concepts:

- Creates new billing methods for distributed generation (solar) customers, including net metering billing or inflow-outflow billing.
- Codifies net metering as a single meter monitoring only the net amount of electricity delivered and exported to solar customers.
- Solar customers would pay the retail rate for any kilowatt-hour (kWh) they import (inflow) while any kWh exported to the grid (outflow) is credited to the customer at an outflow rate.
- Allows outflow credits to be credited monthly as dollar amounts to offset the customers' monthly bill, which can be carried forward up to 12 months.
- Permits utilities to recover credited outflow amounts through an Energy Adjustment Clause or other rider mechanism.

Outflow Rates

- Initially sets the outflow rate at an applicable retail rate for each rate class.
- Creates a Value of Solar (VOS) study when distributed solar penetration reaches 5% of total peak demand or by July 1, 2027 if the utilities petition the Iowa Utilities Board (IUB) to begin VOS process, whichever is sooner.
- Customers would receive a locked-in outflow rate for twenty years that is set: (1) equal to the retail rate prior to the VOS implementation and (2) at the current VOS rate after VOS rate is determined.
- Allows any excess credits to revert to investor-owned utilities after twelve months to offset the rider mechanisms' s collections.

Value of Solar

- VOS created through a stakeholder process using an independent third party consultant while being overseen by the IUB.
- The VOS rate must be unique to each utility based on their specific inputs. The tariff must be updated annually and the methodology must be updated every three years.
- The VOS rate is prohibited from fluctuating over 5% annually.

Net Metering

- Both net metering credit and outflow rate must cover all volumetric charges, including rider charges on a kWh basis.
- Allows existing net metering customers to retain their current net metering rate for their contract's remaining duration.
- Prohibits investor-owned utilities from: (1) using customer's demand instead of energy use to limit system size; (2) charging solar customers additional fees; and (3) placing solar customers in a separate class until VOS or 2027.

This amendment is authored by MidAmerican Energy, Iowa Environmental Council, Iowa Pork Producer, the Environmental Law and Policy Center, and other stakeholders.

Ver Schuer, Alison [LEGIS]G:\Caucus Staff\AVS\Commerce\2020 Session\Bill Summaries\SF 583 (Sunshine Tax) - Bill and Amendment Summary.docx\March 2, 2020\9:06 AM