STATE OF IOWA

DEPARTMENT OF COMMERCE

UTILITIES BOARD

IN RE: REVIEW OF COGENERATION AND SMALL POWER PRODUCTION RULES [199 IAC CHAPTER 15]	DOCKET NO. RMU-2016-0006

ORDER REQUESTING STAKEHOLDER COMMENT ON POTENTIAL RULE CHANGES

(Issued July 19, 2016)

The Utilities Board (Board) is conducting a comprehensive review of its administrative rules in accordance with Iowa Code § 17A.7(2). The purpose of the comprehensive review is to identify and eliminate rules that are outdated, redundant, inconsistent or incompatible with statute or other administrative rules. The review of the Board's Cogeneration and Small Power Production Rules, 199 IAC chapter 15, has been docketed as Docket No. RMU-2016-0006.

The comprehensive review of 199 IAC chapter 15 also incorporates stakeholder input arising out of Docket No. NOI-2015-0001, regarding wind and renewable energy tax credits, and Docket No. NOI-2014-0001, regarding distributed generation. HF 2468, adopted in the most recent legislative session, amended Iowa Code chapter 476C. Any necessary changes to 199 IAC chapter 15 arising out of the amendments in HF 2468 are included in the proposed changes.

The Board is considering the adoption of changes to 199 IAC chapter 15 in accordance with the attached draft "Notice of Intended Action." Many of the potential

changes are not substantive. Those non-substantive changes are intended to improve consistency and clarity throughout the chapter and will not be detailed in this order. The potential substantive revisions to the chapter 15 rules are discussed below. The Board also indicates specific provisions of the chapter that the Board requests comments on. Also, interested persons should file comments on any of the potential revisions or any other revisions that a person wants the Board to consider.

SUMMARY OF PROPOSED CHANGES

1. Amend rule 15.1

Many definitions may be added to rule 15.1. The definitions of "disconnection device" and "electric meter" were added to be consistent with Iowa Code § 476.58 and potential changes to 199 IAC chapter 45. The definitions of "model interconnection agreement," "model ordinance," "small wind energy system," and "small wind innovation zone" were moved from rule 15.22 to rule 15.1. The definitions of "electric utility," "kW," "kWh," "MW," and "MWh" were included to improve clarity and consistency throughout the rules. The definitions of "person" and "equity interest" were included to provide guidance in interpreting some of the potential changes in rule 15.19.

2. Rescind rule 15.8

The Board is considering rescinding rule 15.8 because that rule does not provide any substantive value to chapter 15. The rule currently refers the reader to chapter 45 of the Board's rules and chapter 45 has the information any qualifying facility, AEP facility, or utility needs.

3. Amend rule 15.10

The potential amendments to rule 15.10 are to ensure that chapter 15 is consistent with the proposed changes to chapter 45. The amendments arose out of Docket No. NOI-2014-0001, regarding distributed generation. The amendments incorporate Iowa Code § 476.58 and the most current best practices for interconnection, safety, and operating reliability of distributed generation facilities.

4. Amend rule 15.12

The potential rule 15.12 incorporates the reporting requirements previously found in subrules 15.11(3) and 45.13(2). The proposed rule also incorporates that requirement into the utility's annual report.

5. Rescind rule 15.18

Rule 15.18 was adopted to implement Iowa Code chapter 476B. Facilities seeking eligibility for tax credits under that chapter were statutorily required to be operational by July 1, 2012. Because that date has passed and no capacity or time is available for new facilities to file for eligibility, the Board will propose to rescind this rule.

6. Amend rule 15.19

The potential amendments to rule 15.19 reflect new processes that the Board follows in reviewing applications for preliminary eligibility for renewable energy tax credits pursuant to Iowa Code chapter 476C. Some of the amendments also arose from NOI-2015-0001, regarding wind and renewable energy tax credits.

The potential amendments to subrule 15.19(1) are intended to facilitate the Board's new application review processes by amending the filing requirements. The first amendment is to ensure that new applications are filed in the Board's electronic filing system (EFS). The next amendment would require the applicant to file the equity ownership information the Board currently requests from each applicant by letter.

The next potential amendment to subrule 15.19(1) is a removal of Iowa Code chapter 476C statutory language. This information can be found in the statute and does not need to be duplicated in the Board's rules. The next amendment is a requirement that applicants include in their application a timeline for project completion. This timeline will show the Board that the applicant has put effort into planning the necessary steps to make the facility operational.

The potential amendment to subrule 15.19(2) would ensure that a facility that has applied for or received a grant of preliminary eligibility remains eligible for tax credits. By requiring applicants to notify the Board of any material changes the Board can determine whether the facility is still eligible for renewable energy tax credits.

The potential amendments to subrule 15.19(3) are intended to provide the Board's interpretation of the eligible renewable energy facility ownership limitations found in Iowa Code chapter 476C. On December 15, 2015, in an open meeting, the Board stated its intent to review the equity ownership information of all owners and potential owners of eligible renewable energy facilities in order to ensure compliance with Iowa Code chapter 476C. The Board has been requesting that information by

letter, and the potential amendments to subrule 15.19(1) would require future applications to provide that information. The amendments to subrule 15.19(3) describe how that information will be used in determining eligibility.

The potential amendments to subrule 15.19(4) arose out of NOI-2015-0001. The amendments add additional requirements that an applicant must include in a request for an extension of the facility's operational deadline. The amendments also include a deadline for filing such a request.

The potential amendments to subrule 15.19(6) reflect a change in the Board's process regarding its review of applications for preliminary eligibility. Currently the Board does not review applications for completeness or compliance with Iowa Code chapter 476C if there is no capacity available for the facility; the application is put on a waiting list and reviewed if and when capacity becomes available. The Board will change this process and review applications for completeness and compliance with Iowa Code chapter 476C prior to placing those applications on the waiting list.

7. Amend rule 15.20

The potential amendments to rule 15.20 are intended to facilitate the Board's new processes for reviewing tax credit applications and to be compatible with the implementation of Iowa Department of Revenue's Tax Credit Award, Claim of Transfer Administration System (CACTAS) program for reviewing applications for wind energy production tax credits. Also, the requirements for applications for the first year of tax credits would be removed because all facilities that receive tax credits

under Iowa Code chapter 476B have applied for and received their first year of tax credits.

8. Amend rule 15.21

The potential amendments to rule 15.21 are intended to facilitate the Board's new processes for reviewing tax credit applications and to be compatible with the implementation of Iowa Department of Revenue's CACTAS system for reviewing applications for renewable energy tax credits.

REQUEST FOR COMMENTS

In addition to comments regarding the potential amendments set out in the Proposed Notice of Intended Action, the Board requests comments regarding: (1) subrule 15.5(3); subrules 15.17(4)-(5); and whether an application fee should be adopted for applications for preliminary eligibility for renewable energy tax credits and applications for wind energy production or renewable energy tax credits.

With regards to subrule 15.5(3), the Board requests that stakeholders provide comments as to whether it is necessary to require all rate-regulated utilities to provide for seasonal differential and time of day rates in their tariffs.

Next, the Board requests comments related to subrules 15.17(4)-(5). The Board asks stakeholders to provide comments as to whether the annual reporting requirements contained in these subrules can be amended such that it can be more useful to those who rely on the report and compiled more easily by the utilities creating the report.

Last, the Board requests comments related to the adoption of an application fee for the applications for preliminary eligibility as a renewable energy facility (pursuant to rule 15.19), applications for wind energy production tax credits (pursuant to rule 15.20), and applications for renewable energy tax credits (pursuant to 15.21).

ORDERING CLAUSE

IT IS THEREFORE ORDERED:

Comments regarding the proposed revisions to 199 IAC chapter 15 shall be filed no later than 30 days from the date of this order. Replies to the comments shall be filed no later than 45 days from the date of this order.

UTILITIES BOARD

/s/ Geri D. Huser

/s/ Elizabeth S. Jacobs

ATTEST:

/s/ Trisha M. Quijano */s/ Nick Wagner*

Executive Secretary, Designee

Dated at Des Moines, Iowa, this 19th day of July 2016.

DRAFT

UTILITIES DIVISION[199]

Notice of Intended Action

Pursuant to Iowa Code chapters 476, 476B, and 476C and § 17A.4 the Utilities Board (Board) gives notice that on , 2016, the Board issued an order in Docket No. RMU-2016-0006, In re: Review of Cogeneration and Small Power Production Rules 199 IAC Chapter 15, "Order Commencing Rule Making" proposing to amend the Board's chapter 15 cogeneration and small power production rules. Chapter 15 regulates interaction between utilities and qualifying facilities and AEP facilities, provides guidelines for alternative energy purchase programs, provides guidance regarding renewable energy and wind energy production tax credits, and regulates small wind innovation zones.

The Board is undertaking a comprehensive review of its rules and as part of that review is attempting to make the rules more readable, streamline reporting requirements in the rules, ensure the rules are current, and transition away from providing forms within the rules. The intent of these changes is to promote ease of access for those interacting with the Board.

The proposed rule changes also incorporate stakeholder input arising out of Docket No. NOI-2015-0001, regarding wind and renewable energy tax credits, and Docket No. NOI-2014-0001, regarding distributed generation. HF 2468, adopted in the most recent legislative session, amended Iowa Code chapter 476C. Any necessary changes to 199

IAC chapter 15 arising out of the amendments in HF 2468 are included in the proposed changes below.

The order approving this "Notice of Intended Action" can be found on the Board's Electronic Filing System (EFS) Web site, http://efs.iowa.gov, in Docket No. RMU-2016-0006.

Pursuant to Iowa Code sections 17A.4(1)"a" and "b," any interested person may file a written statement of position pertaining to the proposed amendments. The statement must be filed on or before , 2016. The statement should be filed electronically through the Board's EFS. Instructions for making an electronic filing can be found on the EFS Web site at http://efs.iowa.gov. Filings shall comply with the format requirements in 199 IAC 2.2(2) and clearly state the author's name and address and make specific reference to this docket. Paper comments may only be filed with approval of the Board.

No oral presentation is scheduled at this time. Pursuant to Iowa Code section 17A.4(1)(b), an oral presentation may be requested or the Board on its own motion after reviewing the comments may determine an oral presentation should be scheduled. Requests for an oral presentation should be filed at the date scheduled for written comments.

After analysis and review of this rule making, the Board tentatively concludes that the proposed amendments, if adopted, will have a beneficial effect by promoting ease of access for those interacting with the Board.

The amendments are intended to implement Iowa Code chapters 476, 476B, and 476C and § 17A.4.

The following amendments are proposed:

Item 1. Amend rule **15.1** as follows:

Terms defined in the Public Utility Regulatory Policies Act of 1978 (PURPA), 16 U.S.C. 2601, et seq., shall have the same meaning for purposes of these rules as they have under PURPA, unless further defined in this chapter.

a. "AEP facility" means any of the following: (1) an electric production facility which derives 75 percent or more of its energy input from solar energy, wind, waste management, resource recovery, refuse-derived fuel, agricultural crops or residues, or wood burning; (2) a hydroelectric facility at a dam; (3) land, systems, buildings, or improvements that are located at the project site and are necessary or convenient to the construction, completion, or operation of the facility; or (4) transmission or distribution facilities necessary to conduct the energy produced by the facility to the purchasing utility.

b. "Alternate energy purchase (AEP) program" means a utility program that allows customers to contribute voluntarily to the development of alternate energy in Iowa.

c. "Avoided costs" means the incremental costs to an electric utility of electric energy or capacity or both which, but for the purchase from the qualifying facility or qualifying facilities, such utility would generate itself or purchase from another source.

d. "Backup power" means electric energy or capacity supplied by an electric utility to qualifying facilities and AEP facilities to replace energy ordinarily generated by a facility's own generation equipment during an unscheduled outage of the facility.

e. "Board" means the Iowa utilities board.

f. "Disconnection device" means a lockable visual disconnect or other disconnection device, such as, but not limited to, a service disconnect, gang operated main disconnect, or breaker capable of disconnecting and de-energizing the residual voltage in a distributed generation facility.

g. "Electric meter" means a device used by an electric utility that measures and registers the integral of an electrical quantity with respect to time.

h. "Electric utility" means a public utility that furnishes electricity to the public for compensation.

i. "Equity interest" means a limited partnership interest and any other equity interest in which liability is limited to the amount of the investment, but does not mean general partnership interest or other interest involving general liability.

j. "Interconnection costs" means the reasonable costs of connection, switching, metering, transmission, distribution, safety provisions and administrative costs incurred by the electric utility directly related to the installation and maintenance of the physical facilities necessary to permit interconnected operations with qualifying facilities and AEP facilities, to the extent the costs are in excess of the corresponding costs which the electric utility would have incurred if it had not engaged in interconnected operations, but instead generated an equivalent amount of electric energy itself or purchased an equivalent amount of electric energy or capacity from other sources. Interconnection costs do not include any costs included in the calculation of avoided costs.

k. *"Interruptible power"* means electric energy or capacity supplied by an electric utility subject to interruption by the electric utility under specified conditions.

l. *"kW"* means kilowatt.

m. *"kWh"* means kilowatt hour.

n. *"Maintenance power"* means electric energy or capacity supplied by an electric utility during scheduled outages of qualifying facilities and AEP facilities.

o. *"Model interconnection agreement"* means the applicable standard interconnection agreement under 199—Chapter 45.

p. *"Model ordinance"* means the model ordinance developed pursuant to Iowa Code section 476.48(3).

q. *"MW"* means megawatt.

r. *"MWh"* means megawatt hour.

s. *"Person"* means individual, corporation, limited liability company, government or governmental subdivision or agency, business trust, estate, trust, partnership or association, or any other legal entity.

t. *"Purchase"* means the purchase of electric energy or capacity or both from qualifying facilities and AEP facilities by an electric utility.

u. *"Qualifying facility"* means a cogeneration facility or a small power production facility which is a qualifying facility under 18 CFR Part 292, Subpart B.

v. *"Rate"* means any price, rate, charge, or classification made, demanded, observed or received with respect to the sale or purchase of electric energy or capacity, or any rule, regulation, or practice respecting any rate, charge, or classification, and any contract pertaining to the sale or purchase of electric energy or capacity.

w. *"Sale"* means the sale of electric energy or capacity or both by an electric utility to qualifying facilities and AEP facilities.

x. *Small wind energy system"* means a wind energy conversion system that collects and converts wind into energy to generate electricity, and which has a nameplate generating capacity of 100 kW or less. A small wind energy system located in a small wind innovation zone but in the exclusive territory of an electric utility that is not subject to 199—Chapter 45 and has not adopted the standard forms, procedures, and interconnection agreements in 199—Chapter 45 is not eligible for the streamlined application process referred to in Iowa Code section 476.48(2)(a).

y. *"Small wind innovation zone"* means a political subdivision of this state, including but not limited to a city, county, township, school district, community college, area education agency, institution under the control of the state board of regents, or any other local commission, association, or tribal council which adopts, or is encompassed within a local government which adopts, the model ordinance.

z. *"Supplementary power"* means electric energy or capacity supplied by an electric utility, regularly used by qualifying facilities and AEP facilities in addition to that which the facility generates itself.

aa. *"System emergency"* means a condition on a utility's system which is likely to result in imminent significant disruption of service to customers or is imminently likely to endanger life or property.

Item 2. Rescind subrule **15.2(1)**.

Item 3. Amend rule **15.3** as follows:

In addition to the information required to be supplied to the board under 18 CFR 292.302, all rate-regulated electric utilities shall supply to the board copies of contracts executed for the purchase or sale, for resale, of energy or capacity. If the purchases or sales are made other than pursuant to the terms of a written contract, then information as to the relevant prices and conditions shall be supplied to the board. All information required to be supplied under this rule shall be filed with ~~the board by May 1 and November 1~~ the utilities annual report due on or before April 1 of each year, as specified in 199—Chapter 23,~~of each year~~ for all transactions occurring since the last filing was made.

Item 4. Amend rule **15.4** as follows:

~~For purposes of this rule, "electric utility" means a rate-regulated electric utility.~~

15.4(1) *Obligation to purchase from qualifying facilities.* Each rate-regulated electric utility shall purchase, in accordance with these rules, any energy and capacity which is made available from a qualifying facility:

a. Directly to the electric utility; or

b. Indirectly to the electric utility in accordance with subrule 15.4(4).

15.4(2) *Obligation to sell to qualifying facilities.* Each rate-regulated electric utility shall sell to any qualifying facility, in accordance with these rules and the other requirements of law, any energy and capacity requested by the qualifying facility.

15.4(3) *Obligation to interconnect.* Any rate-regulated electric utility shall make the interconnections with any qualifying facility as may be necessary to accomplish purchases or sales under these rules. The obligation to pay for any interconnection costs shall be determined in accordance with ~~rule~~ 199—15.8(476)Chapter 45. However, no electric utility is required to interconnect with any qualifying facility if, solely by reason of purchases or sales over the interconnection, the electric utility would become subject to regulation as a public utility under Part II of the Federal Power Act.

15.4(4) *Transmission to other electric utilities.* If a qualifying facility agrees, a~~n~~ rate-regulated electric utility which would otherwise be obligated to purchase energy or capacity from the qualifying facility may transmit the energy or capacity to any other electric utility. Any rate-regulated electric utility to which the energy or capacity is transmitted shall purchase the energy or capacity under this subpart as if the qualifying facility were supplying energy or capacity directly to the rate-regulated electric utility. The rate for purchase by the rate-regulated electric utility to which the energy is transmitted shall be adjusted up or down to reflect line losses and shall not include any charges for transmission.

15.4(5) *Parallel operation.* Each rate-regulated electric utility shall offer to operate in parallel with a qualifying facility, provided that the qualifying facility complies with any applicable standards established in accordance with these rules.

Item 5. Amend rule **15.5** as follows:

~~For purposes of this rule, "electric utility" or "utility" means a rate-regulated electric utility.~~

15.5(1) *Rates for purchases.* Rates for purchases shall:

a. Be just and reasonable to the electric consumer of the rate-regulated electric utility and in the public interest; and

b. Not discriminate against qualifying cogeneration and small power production facilities. Nothing in these rules requires any electric utility to pay more than the avoided costs, as set forth in these rules, for purchases.

15.5(2) *Relationship to avoided costs.* For purposes of this subrule, "new capacity" means any purchase from capacity of a qualifying facility, construction of which was commenced on or after November 9, 1978.

A rate for purchases satisfies the requirements of this rule if the rate equals the avoided costs determined after consideration of the factors set forth in subrule 15.5(6); except that a rate for purchases other than from new capacity may be less than the avoided cost if the board determines that a lower rate is consistent with subrule 15.5(1) and is sufficient to encourage cogeneration and small power production.

Unless the qualifying facility and the rate-regulated electric utility agree otherwise, rates for purchases shall conform to the requirements of this rule regardless of whether the electric utility making purchases is simultaneously making sales to the qualifying facility.

In the case in which the rates for purchases are based upon estimates of avoided costs over the specific term of the contract or other legally enforceable obligation, the rates for purchases do not violate this rule if the rates for the purchases differ from avoided costs at the time of delivery.

15.5(3) *Standard rates for purchases.* Each rate-regulated electric utility shall file and maintain with the board tariffs specifying standard rates for purchases from qualifying facilities with a design capacity of 100 kW~~ilowatts~~ or less. These tariffs may differentiate between qualifying facilities using various technologies on the basis of the supply characteristics of the different technologies. All rate-regulated electric utilities shall include a seasonal differential in these rates for purchases to the extent avoided costs vary by season. All rate-regulated electric utilities shall make available time of day rates for those facilities with a design capacity of 100 kW~~ilowatts~~ or less, provided that the qualifying facility shall pay~~, in addition to the interconnection costs set forth in these rules,~~ all additional costs associated with the time of day metering.

The standard rates set forth in this rule shall indicate what portion of the rate is attributable to payments for the rate-regulated electric utility's avoided energy costs, and what portion of the rate, if any, is attributable to payments for capacity costs avoided by the rate-regulated electric utility. If no capacity credit is provided in the standard tariff, a qualifying facility may petition the board for an allowance of the capacity credit. The petition shall be handled by the board as a contested case proceeding, and the burden of proof shall be on the qualifying facility to demonstrate that capacity credit is warranted in the case in question.

The board may require rate-regulated electric utilities interconnected with qualifying

facilities to provide metering and other equipment necessary for the collection test and monitoring of information concerning the time and conditions under which energy and capacity are available from the qualifying facility. The costs of such metering shall be treated by the utility in the same manner as any other research expenditure.

15.5(4) *Other purchases.* Rates for purchases from qualifying facilities with a design capacity of greater than 100 kW~~ilowatts~~ shall be determined in contested case proceedings before the board, unless the rates are otherwise agreed upon by the qualifying facility and the rate-regulated electric utility involved.

15.5(5) *Purchases "as available" or pursuant to a legally enforceable obligation.* Each qualifying facility shall have the option either:

a. To provide energy as the qualifying facility determines the energy to be available for the purchases, in which case the rates for the purchases shall be based on the purchasing rate-regulated electric utility's avoided costs calculated at the time of delivery; or

b. To provide energy or capacity pursuant to a legally enforceable obligation for the delivery of energy or capacity over a specified term, in which case the rates for the purchases shall, at the option of the qualifying facility exercised prior to the beginning of the specified term, be based on either: The avoided costs calculated at the time of delivery; or the avoided costs calculated at the time the obligation is incurred.

15.5(6) *Factors affecting rates for purchases.* In determining avoided costs, the following factors shall, to the extent practicable, be taken into account:

a. The prevailing rates for capacity or energy on any interstate power grid with which the rate-regulated electric utility is interconnected.

b. The incremental energy costs or capacity costs of the rate-regulated electric utility itself or utilities in the interstate power grid with which the rate-regulated electric utility is interconnected.

c. The time of day or season during which capacity or energy is available, including:

(1) The ability of the rate-regulated electric utility to dispatch the qualifying facility;

(2) The expected or demonstrated reliability of the qualifying facility;

(3) The terms of any contract or other legally enforceable obligation, including the duration of the obligation, termination notice requirement and sanctions for noncompliance;

(4) The extent to which scheduled outages of the qualifying facility can be usefully coordinated with scheduled outages of the rate-regulated electric utility's facilities;

(5) The usefulness of energy and capacity supplied from a qualifying facility during system emergencies, including its ability to separate its load from its generation; and

(6) The individual and aggregate value of energy and capacity from qualifying facilities on the rate-regulated electric utility's system.

d. The costs or savings resulting from variations in line losses from those that would have existed in the absence of purchases from the qualifying facility, if the purchasing rate-regulated electric utility generated an equivalent amount of energy itself.

15.5(7) *Periods during which purchases not required.* Any rate-regulated electric utility will not be required to purchase electric energy or capacity during any period during which, due to operational circumstances, purchases from qualifying facilities will result

in costs greater than those which the rate-regulated electric utility would incur if it did not make the purchases, but instead generated an equivalent amount of energy itself; provided, however, that any rate-regulated electric utility seeking to invoke this subrule must notify each affected qualifying facility within a reasonable amount of time to allow the qualifying facility to cease the delivery of energy or capacity to the electric utility.

a. Any rate-regulated electric utility which fails to comply with the provisions of this subrule will be required to pay the usual rate for the purchase of energy or capacity from the facility.

b. A claim by a~~n~~ rate-regulated electric utility that such a period has occurred or will occur is subject to verification by the board.

Item 6. Amend rule **15.6** as follows:

~~For purposes of this rule, "utility" means a rate-regulated electric utility.~~ Rates for sales to qualifying facilities and AEP facilities shall be just, reasonable and in the public interest, and shall not discriminate against qualifying facilities and AEP facilities in comparison to rates for sales to other customers with similar load or other cost-related characteristics served by the rate-regulated electric utility. The rate for sales of backup or maintenance power shall not be based upon an assumption (unless supported by data) that forced outages or other reductions in electric output by all qualifying facilities and AEP facilities will occur simultaneously or during the system peak, or both, and shall take into account the extent to which scheduled outages of qualifying facilities and AEP facilities can be usefully coordinated with scheduled outages of the rate-regulated electric utility's facilities.

Item 7. Amend rule **15.7** as follows:

~~For purposes of this rule, "electric utility" or "utility" means a rate-regulated electric utility.~~

15.7(1) Upon request of qualifying facilities and AEP facilities, each rate-regulated electric utility shall provide supplementary power, backup, maintenance power, and interruptible power. Rates for such service shall meet the requirements of subrule 15.5(6), and shall be in accordance with the terms of the rate-regulated electric utility's tariff.

The board may waive this requirement pursuant to rule 199—1.3(17A,474) only after notice in the area served by the rate-regulated electric utility and an opportunity for public comment. The waiver may be granted if compliance with this rule will:

a. Impair the rate-regulated electric utility's ability to render adequate service to its customers, or

b. Place an undue burden on the rate-regulated electric utility.

15.7(2) Reserved.

Item 8. Rescind rule **15.8**.

Item 9. Amend rule **15.9** as follows:

~~For purposes of this rule, "electric utility" means a rate-regulated electric utility.~~ Qualifying facilities and AEP facilities shall be required to provide energy or capacity to a~~n~~ rate-regulated electric utility during a system emergency only to the extent:

15.9(1) Provided by agreement between the qualifying facility or AEP facility and the rate-regulated electric utility; or

15.9(2) Ordered under Section 202(c) of the Federal Power Act. During any system emergency, a~~n~~ rate-regulated electric utility may immediately discontinue:

a. Purchases from qualifying facilities and AEP facilities if purchases would contribute to the emergency; and

b. Sales to qualifying facilities and AEP facilities, provided that the discontinuance is on a nondiscriminatory basis.

Item 10. Amend rule **15.10** as follows:

~~For purposes of this rule, "electric utility" or "utility" means both rate-regulated and non-rate-regulated electric utilities.~~

15.10(1) *Acceptable standards.* The interconnection of qualifying facilities and AEP facilities and associated interconnection equipment to an electric utility system shall meet the applicable provisions of the publications listed below:

a. Standard for Interconnecting Distributed Resources with Electric Power Systems, ANSI/IEEE Standard 1547-2003. For guidance in applying IEEE Standard 1547, the electric utility may refer to:

(1) IEEE Recommended Practices and Requirements for Harmonic Control in Electrical Power Systems—IEEE Standard 519-1992; and

(2) IEC/TR3 61000-3-7 Assessment of Emission Limits for Fluctuating Loads in MV and HV Power Systems.

b. Iowa Electrical Safety Code, as defined in 199—Chapter 25.

c. National Electrical Code, ANSI/NFPA 70-201~~1~~4.

15.10(2) Reserved.~~*Modifications required.* Rescinded IAB 7/23/03, effective 8/27/03.~~

15.10(3) *Interconnection facilities.*

a. ~~The utility may require the~~A distributed generation facility placed in service after July 1, 2015, is required to ~~have the capability to be isolated from the utility, either by means of a lockable, visible-break isolation device accessible by the utility, or by means of a lockable isolation~~ install a disconnection device. ~~whose status is indicated and is accessible by the utility. If an isolation device is required by the utility,~~ tThe disconnection device shall be installed, owned, and maintained by the owner of the distributed generation facility and shall be easily visible and adjacent to an interconnection customer's electric meter at the facility. Disconnection devices are

considered easily visible and adjacent if: (1) for a home or business: up to ten feet away from the meter and within the line of sight of the meter, at a height of 30 inches to 72 inches above final grade; or (2) for large areas with multiple buildings that require electric service: up to 30 feet away from the meter and within the line of sight of the meter, and at a height of 30 inches to 72 inches above final grade.~~located electrically between the distributed generation facility and the point of interconnection. A draw-out type of circuit breaker accessible to the utility with a provision for padlocking at the drawn-out position satisfies the requirement for an isolation device.~~ The disconnection device shall be labeled with a permanently attached sign with clearly visible letters that give procedures/directions for disconnecting the distributed generation facility.

If an interconnection customer with distributed generation systems installed prior to July 1, 2015, adds generation capacity to its existing system that does not require upgrades to the electric meter or electrical service, a disconnection device is not required.

If an interconnection customer with distributed generation systems installed prior to July 1, 2015, upgrades or changes its electric service, the new or modified electric service must meet all current utility electric service rule requirements.

b. For all distributed generation installations the customer shall be required to provide and place a permanent placard no more than ten feet away from the electric meter. The placard must be visible from the electric meter. The placard must clearly identify the presence and location of disconnection device for the distributed generation facilities on the property. The placard must be made of a material that will be suitable for the environment and designed to last for the duration of the anticipated operating life of the distributed generation facility. If no disconnection device is present, the placard shall state, "no disconnection device."

If the distributed generation facility is not installed at the building with the electric meter, an additional placard must be placed at the electric meter to provide specific information regarding the distributed generation facility and the disconnection device.

c~~b~~. The interconnection shall include overcurrent devices on the facility to automatically disconnect the facility at all currents that exceed the full-load current rating of the facility.

d~~c~~. Facilities with a design capacity of 100 kW~~ilowatts~~ or less must be equipped with automatic disconnection upon loss of electric utility-supplied voltage.

e~~d~~. Those facilities that produce a terminal voltage prior to the closure of the interconnection shall be provided with synchronism-check devices to prevent closure of the interconnection under conditions other than a reasonable degree of synchronization between the voltages on each side of the interconnection switch.

f. An interconnection customer failing to comply with the foregoing requirements may be disconnected as provided in 199—Chapter 20. The disconnection process details shall be provided in individual electric utility tariffs or the interconnection agreement.

15.10(4) *Access.* If ~~an isolation~~ a disconnection device is required~~ by the utility~~, ~~both~~ the operator of the~~ qualifying facility or AEP~~ distributed generation facility~~, and~~ the electric utility, and emergency personnel shall have access to the ~~isolation~~ disconnection device at all times. For distributed generation facilities installed prior to

July 1, 2015, ~~A~~an interconnection customer may elect to provide the electric utility with access to a~~n isolation~~ disconnection device that is contained in a building or area that may be unoccupied and locked or not otherwise accessible to the electric utility by installing a lockbox provided by the electric utility that allows ready access to the ~~isolation~~ disconnection device. The lockbox shall be in a location determined by the electric utility, in consultation with the customer, to be accessible by the electric utility. The interconnection customer shall permit the electric utility to affix a placard in a location of the electric utility's choosing that provides instructions to electric utility operating personnel for accessing the ~~isolation~~ disconnection device. If the electric utility needs to isolate the distributed generation facility, the electric utility shall not be held liable for any damages resulting from the actions necessary to isolate the generation facility.

15.10(5) *Inspections and testing.* The operator of the qualifying facility or AEP facility shall adopt a program of inspection and testing of the generator and its appurtenances and the interconnection facilities in order to determine necessity for replacement and repair. Such a program should include all periodic tests and maintenance prescribed by the manufacturer. If the periodic testing of interconnection-related protective functions is not specified by the manufacturer it should occur at least every five years. All interconnection-related protective functions shall be periodically tested and a system that depends upon battery for trip power shall be checked and logged. Representatives of the electric utility shall have access at all reasonable hours to the interconnection equipment specified in subrule 15.10(3) for inspection and testing with reasonable prior notice to the applicant. If the electric utility discovers the applicant's facility is not in compliance with the requirements of IEEE Standard 1547, and the noncompliance adversely affects the safety or reliability of the electrical system, the electric utility may require disconnection of the applicant's facility until it complies with this chapter.

15.10(6) *Emergency disconnection.* In the event that an electric utility or its customers experience problems of a type that could be caused by the presence of alternating currents or voltages with a frequency higher than 60 Hertz, the electric utility shall be permitted to open and lock the interconnection switch pending a complete investigation of the problem. Where the electric utility believes the condition creates a hazard to the public or to property, the disconnection may be made without prior notice. However, the electric utility shall notify the operator of the qualifying facility or AEP facility by written notice and, where possible, verbal notice as soon as practicable after the disconnections.

15.10(7) *Notification.* Owners of interconnected distributed generation facilities are required to notify local paid or volunteer fire departments via U.S. mail of the location of distributed generation facilities and the associated disconnection device(s) when the distributed generation facility is placed in service. The owner of the distributed generation facility is required to provide any information related to the distributed generation facility as required by that local fire department, including but not limited to:

a. Site map showing property address, service point from electric utility company, distributed disconnect location(s), distributed generation facility location(s), if applicable the location of rapid shut down and battery disconnect(s), property owner's or owner's representative's emergency contact information, electric utility company's emergency

phone number, and size of the distributed generation system.

b. Information to access the disconnection device.

c. Statement from owner verifying the distributed generation system was installed in accordance with the current state adopted National Electric Code.

Item 11. Amend rule **15.11** as follows:

199—15.11(476) ~~Additional r~~Rate-regulated utility obligations under this chapter regarding AEP facilities. ~~For purposes of this rule, "MW" means megawatt, "MWH" means megawatt-hour, and "utility" means a rate-regulated electric utility.~~

15.11(1) *Obligation to purchase from AEP facilities.* Pursuant to Iowa Code section 476.44 ~~E~~each rate-regulated electric utility shall purchase, pursuant to contract, its share of at least 105 MW of AEP generating capacity and associated energy production. The rate-regulated electric utility's share of 105 MW is based on the rate-regulated electric utility's estimated percentage share of Iowa peak demand, which is based on the rate-regulated electric utility's highest monthly peak shown in its 1990 FERC Form 1 annual report, and on its related Iowa sales and total company sales and losses shown in its 1990 FERC Form 1 and IE-1 annual reports. Each rate-regulated electric utility's share of the 105 MW is determined to be as follows:

	Percentage Share of Iowa Peak	Utility Share of 105 MW
Interstate Power and Light	47.43%	49.8 MW
MidAmerican Energy	52.57%	55.2 MW

A rate-regulated electric utility is not required to purchase from an AEP facility that is not owned or operated by an individual, firm, ~~co~~partnership, corporation, company, association, joint stock association, city, town, or county that meets both of the following: (1) is not primarily engaged in the business of producing or selling electricity, gas, or useful thermal energy other than electricity, gas, or useful thermal energy sold solely from AEP facilities; and (2) does not sell electricity, gas, or useful thermal energy to residential users other than the tenants or the owner or operator of the facility.

15.11(2) *Purchases pursuant to a legally enforceable obligation.* Each AEP facility shall provide electricity on a best-efforts basis pursuant to a legally enforceable obligation for the delivery of electricity over a specified contract term.

15.11(3) Reserved. ~~*Annual reporting requirement.* Beginning April 1, 2004, each utility shall file an annual report listing nameplate MW capacity and associated monthly MWH purchased from AEP facilities, itemized by AEP facility.~~

15.11(4) Reserved. ~~*Tariff filings.* Rescinded IAB 6/16/10, effective 7/21/10.~~

15.11(5) *Net metering.* Each rate-regulated electric utility shall offer to operate in parallel through net metering (with a single meter monitoring only the net amount of

electricity sold or purchased) with an AEP facility, provided that the facility complies with any applicable standards established in accordance with these rules.

In the alternative, by choice of the facility, the rate-regulated electric utility and facility shall operate in a purchase and sale ~~arrangement~~agreement whereby any electricity provided to the rate-regulated electric utility by the AEP facility is sold to the rate-regulated electric utility at the fixed or negotiated buy-back rate, and any electricity provided to the AEP facility by the rate-regulated electric utility is sold to the facility at the tariffed rate.

Item 12. Revise rule **15.12** as follows:

199—15.12(476) ~~Rates for purchases from qualifying alternate energy and small hydro facilities by rate-regulated electric utilities.~~ ~~Rescinded IAB 7/23/03, effective 8/27/03.~~ **Electric utility annual reporting requirement regarding AEP facilities.** Each electric utility shall file in its annual report due on or before April 1 of each year, as specified in 199—Chapter 23, information regarding the AEP or QF facilities interconnected with the electric utility's system in the previous calendar year. The information to be reported shall be defined by the board in the annual report forms.

Item 13. Revise rule **15.13** as follows:

199—15.13(476) Reserved. ~~Rates for sales to qualifying alternate energy production and small hydro facilities by rate-regulated utilities.~~ ~~Rescinded IAB 7/23/03, effective 8/27/03.~~

Item 14. Revise rule **15.14** as follows:

199—15.14(476) Reserved. ~~Additional services to be provided to qualifying alternate energy production and small hydro facilities.~~ ~~Rescinded IAB 7/23/03, effective 8/27/03.~~

Item 15. Revise rule **15.15** as follows:

199—15.15(476) Reserved. ~~Interconnection costs.~~ ~~Rescinded IAB 7/23/03, effective 8/27/03.~~

Item 16. Revise rule **15.16** as follows:

199—15.16(476) Reserved. ~~System emergencies.~~ ~~Rescinded IAB 7/23/03, effective 8/27/03.~~

~~These rules are intended to implement Iowa Code sections 476.1, 476.8, 476.41 to 476.45, and 546.7, Section 210 of the Public Utility Regulatory Policies Act of 1978, and 18 CFR Part 292.~~

Item 17. Revise rule **15.17** as follows:

Any consumer-owned electric utility, including any electric cooperative corporation or association or any municipally owned electric utility, may apply to the board for a waiver under this rule.

This rule shall not apply to non-rate-regulated electric utilities physically located outside of Iowa that serve Iowa customers.

15.17(1) *Obligation to offer programs.*

a. Beginning January 1, 2004, each electric utility~~, whether or not subject to rate regulation by the board,~~ shall offer an alternate energy purchase program that allows customers to contribute voluntarily to the development of alternate energy in Iowa, and allows for the exceptions listed in paragraph 15.17(1)*"c."*

b. Each rate-regulated electric utility~~ subject to rate regulation by the board~~, except for electric utilities that elect rate regulation pursuant to Iowa Code section 476.1A, shall demonstrate on an annual basis that it produces or purchases sufficient energy from AEP facilities located in Iowa to meet the needs of its Iowa program. These Iowa-based AEP facilities shall not include AEP facilities for which the electric utility has sought cost recovery under rule 199—20.9(476) prior to July 1, 2001.

c. The electric utility may partially or fully base its program on energy produced by AEP facilities located outside of Iowa under any of the following circumstances:

(1) The energy is purchased by the electric utility pursuant to a contract in effect prior to July 1, 2001, and continues until the expiration of the contract, including any options to renew that are exercised by the electric utility.

(2) The electric utility has a financial interest, as of July 1, 2001, in an AEP facility that is located outside of Iowa or in an entity that has a financial interest in an AEP facility located outside of Iowa; or

(3) The energy is purchased by a~~n~~ non-rate-regulated electric utility~~ that is not subject to rate regulation by the board,~~ or an electric utility which elects rate regulation pursuant to Iowa Code section 476.1A, and that is required to purchase all of its electric power requirements from one or more suppliers that are physically located outside of Iowa.

15.17(2) *Customer notification.*

a. Each electric utility shall notify eligible customer classes of its alternate energy purchase program and proposed program modifications at least 60 days prior to implementation of the program or program modification. The notification shall include, as applicable:

(1) A description of the availability and purpose of the program or program modification, clarifying that customer contributions will not involve the direct sale of alternate energy to individual customers;

(2) The effective date of the program or program modification;

(3) Customer classes eligible for participation;
(4) Forms and levels of customer contribution available to program participants;
(5) A utility telephone number for answering customers' questions about the program; and
(6) Customer instructions that explain how to participate in the program.

b. In addition to the notification requirements under paragraph 15.17(2)*"a,"* each rate-regulated electric utility ~~subject to rate regulation by the board~~, excluding electric utilities that elect rate regulation pursuant to Iowa Code section 476.1A, shall:

(1) Include fuel report information described under subrule 15.17(5); and
(2) Submit the proposed notification to the board for approval at least 30 days prior to the proposed date of issuance of the notification.

15.17(3) *Program plan filing requirements for rate-regulated utilities.* On or before October 1, 2003, each rate-regulated electric utility ~~subject to rate regulation by the board~~, excluding electric utilities that elect rate regulation pursuant to Iowa Code section 476.1A, shall file with the board a plan for the electric utility's alternate energy purchase program. Initial program plans and any subsequent modifications will be subject to board approval. Modification filings need only include information about elements of the program that are being modified. The initial program plan filing shall include:

a. The program tariff;
b. The program effective date;
c. A sample of the customer notification, including a description of the method of distribution;
d. Customer classes eligible for participation and the schedule for extending participation to all customer classes;
e. Identification of each AEP facility used for the program, including:
(1) Fuel type;
(2) Nameplate capacity;
(3) Estimated annual kWh output;
(4) Estimated in-service date;
(5) Ownership, including any utility affiliation;
(6) A copy of any contract for utility purchases from the facility;
(7) A description of the method or procedure used to select the facility;
(8) Facility location; and

(9) If the facility is located outside of Iowa, an explanation of how the facility qualifies under paragraph 15.17(1)*"c"*;

f. The forms and levels of customer contribution available to program participants, including, but not limited to:
(1) kWh rate premiums applied to percentages of participant kWh usage, with an explanation of how the kWh rate premiums are derived; or
(2) kWh rate premiums applied to fixed kWh blocks of participant usage, with an explanation of how the kWh rate premiums are derived; or
(3) Fixed contributions, with an explanation of how the fixed amounts are derived;

g. The maximum allowable time lag between the beginning of customer contributions and the in-service date for identified AEP facilities, and the procedures for suspending customer contributions if the maximum time lag is exceeded;

h. The intended treatment of program participants under 199—20.9(476) energy automatic adjustment and AEP automatic adjustment clauses;

i. An accounting plan for identifying and tracking participant contributions and program costs, including:

(1) Identification of incremental program costs not otherwise recovered through the electric utility's rates, including but not limited to: program start-up and administration costs; program marketing costs; and program energy and capacity costs associated with identified AEP facilities;

(2) Methods for quantifying, assigning, and allocating costs of the program and for segregating those costs in the electric utility's accounts; and

j. Marketing and customer information plan, including schedules and copies of all marketing and information materials, as available.

15.17(4) *Annual reporting requirements for rate-regulated utilities.* On or before April 1, 2005, and annually thereafter, each rate-regulated electric utility ~~subject to rate regulation by the board~~, excluding electric utilities that elect rate regulation pursuant to Iowa Code section 476.1A, shall file with the board a report of program activity for the previous calendar year. The annual report shall include:

a. Program information including:

(1) The number of program participants, by customer class;

(2) Participant contribution revenues, by customer class, by form and level of contribution, and associated participant kWh sales;

(3) Program electricity generated from each program AEP facility and the associated costs; and

(4) Other program costs, by cost type.

b. An annual reconciliation of participant contributions and program costs.

(1) Program costs are incremental costs associated with the rate-regulated electric utility's alternate energy purchase program not otherwise recovered through the rate-regulated electric utility's base tariff rates, and electricity costs dedicated to the program and separated from the utility's 199—20.9(476) energy or AEP automatic adjustment clauses.

(2) The excess of participant contributions over program costs is an annual program surplus, and the excess of program costs over participant contributions is an annual program deficit.

(3) Annual program surpluses and deficits are cumulative over successive years.

(4) A program deficit may be recovered through the rate-regulated electric utility's 199—20.9(476) AEP automatic adjustment clause.

(5) Any program surplus shall be used to offset prior years' program deficits previously recovered through the AEP automatic adjustment clause, and the offset amount shall be credited through the rate-regulated electric utility's AEP automatic adjustment clause.

c. Identification of any other AEP or renewable energy requirements being met with program AEP facilities and identification of any revenues derived from the separate sale of the renewable energy attributes of program AEP facilities.

d. Documentation that shows the energy produced by the rate-regulated electric utility's program AEP facilities in Iowa (whether contracted, leased, or owned), not including AEP facilities for which the rate-regulated electric utility has sought cost recovery under 199—20.9(476) prior to July 1, 2001, is sufficient to meet the requirement of the rate-regulated electric utility's Iowa alternate energy purchase program.

e. A description of program marketing and customer information activities, including schedules and copies of all marketing and information materials related to the program.

f. Program modifications and uses for any program surplus that are under consideration, including procurement or assignment of additional electricity from AEP facilities.

g. A copy of the rate-regulated electric utility's annual fuel report to customers under subrule 15.17(5).

15.17(5) *Annual fuel reporting requirements for rate-regulated utilities.*

a. Each rate-regulated electric utility ~~subject to rate regulation by the board~~, excluding electric utilities that elect rate regulation pursuant to Iowa Code section 476.1A, shall annually report to all its Iowa customers its percentage mix of fuel and energy inputs used to produce electricity. The report shall, to the extent practical, specify percentages of electricity produced by coal, nuclear energy, natural gas, oil, AEP electricity produced for the rate-regulated electric utility's alternate energy purchase program, non-program AEP electricity, and resources purchased from other companies. The percentages for AEP electricity shall further specify percentages of electricity produced by wind, solar, hydropower, biomass, and other technologies.

b. The report shall include an estimate of sulfur dioxide (SO2), nitrogen oxide (NOx), and carbon dioxide (CO2) emissions for each known fuel and energy input type. The emission estimate shall be expressed in pounds per 1000 kWh.

15.17(6) *Tariff filing requirements for non-rate-regulated utilities.*

a. On or before January 1, 2004, each non-rate-regulated electric utility ~~that is not subject to rate regulation by the board~~ or electric utility that elects rate regulation pursuant to Iowa Code section 476.1A shall file with the board a tariff for the electric utility's alternate energy purchase program. Initial tariff filings and any subsequent modifications shall be filed for informational purposes only. Tariff modification filings need only include information about elements of the program that are being modified. The initial tariff filings shall include, as applicable:

(1) The program tariff;

(2) The program effective date;

(3) A sample of the customer notification, including a description of the method of distribution;

(4) Customer classes eligible for participation;

(5) Identification of any specific AEP facilities to be included in the program, including: fuel type; nameplate capacity; estimated annual kWh output; estimated in-

service date; ownership, including any utility affiliation; location; and, if the facility is located outside of Iowa, an explanation of how the facility qualifies under paragraph 15.17(1)*"c"*; and

(6) Forms and levels of customer contribution available to program participants.

b. Joint filings. A~~n~~ non-rate-regulated electric utility~~ that is not subject to rate regulation by the board~~ or an electric utility that elects rate regulation pursuant to Iowa Code section 476.1A may file its tariff jointly with other non-rate-regulated electric utilities or through an agent. A joint tariff filing shall contain the information required by paragraph 15.17(6)*"a,"* separately identified for each electric utility participating in the joint tariff. The information for each electric utility may be provided by reference to an attached document or to a section of the joint tariff filing. A joint tariff filing filed by an agent shall state the agent's relationship to each electric utility and include a document from each electric utility authorizing the agent to act on the electric utility's behalf.

Item 18. Rescind rule **15.18**.

Item 19. Revise rule **15.19** as follows:

~~Any person applying for certification of eligibility for state tax credits for wind energy or renewable energy pursuant to Iowa Code section 476C.3 is subject to this rule.~~

15.19(1) *Filing requirements.* Any person applying for certification of eligibility for ~~wind energy or~~ renewable energy tax credits must file ~~with~~in the board's electronic filing system an application that contains substantially all of the following information:

a. Information regarding the applicant, including the legal name, address, telephone number, and ~~(as applicable) facsimile transmission number and~~ electronic mail address of the applicant.

b. (1) Information regarding the ownership of the facility, including the legal name of each owner, information demonstrating the legal status of each owner, and the percentage of equity interest in the facility held by each owner.~~ The "legal status of each owner" refers to either ownership of a small wind energy system operating in a small wind innovation zone as defined in Iowa Code section 476.48(1) and 199—15.22(476), or, alternatively, the ownership requirements of Iowa Code section 476C.1(6)*"b,"* which provides that an eligible renewable energy facility must be at least 51 percent owned by one or more or any combination of the following: I~~nformation regarding all persons with an equity interest in the facility, including the percentage of equity interest in the facility held by each person, must be provided.

~~(1) A resident of Iowa;~~

(2) ~~An authorized farm corporation, authorized limited liability company, or authorized trust, as defined in Iowa Code section 9H.1;~~ For each owner of the facility, and each person with an equity interest in the facility, a list of other eligible renewable energy facilities that the owner or equity interest holder has an equity interest in, including the percentage of equity interest in those eligible renewable energy facilities.

For a person with an equity interest that is not a natural person, information regarding the equity ownership of that entity must be provided.

~~(3) A family farm corporation, family farm limited liability company, or family farm trust, as defined in Iowa Code section 9H.1;~~

~~(4) A revocable trust as defined in Iowa Code section 9H.1;~~

~~(5) A testamentary trust as defined in Iowa Code section 9H.1;~~

~~(6) A small business as defined in Iowa Code section 15.102;~~

~~(7) An electric cooperative association organized pursuant to Iowa Code chapter 499 that sells electricity to end users located in Iowa or has one or more members organized pursuant to Iowa Code chapter 499, a municipally owned city utility as defined in Iowa Code section 362.2, or a public utility subject to rate regulation pursuant to Iowa Code chapter 476;~~

~~(8) A cooperative corporation organized pursuant to Iowa Code chapter 497 or a limited liability corporation organized pursuant to Iowa Code chapter 489 whose shares and membership are held by an entity that is not prohibited from owning agricultural land under Iowa Code chapter 9H; or~~

~~(9) A school district located in Iowa.~~

c. ~~A statement attesting that each owner meeting the eligibility requirements of Iowa Code section 476C.1(6)*"b"* does not have an ownership interest in more than two eligible renewable energy facilities.~~ A description of the facility, including the following:

(1) Type of facility;

(2) Total nameplate generating capacity (AC rating) , plus maximum hourly output capability for any energy production capacity equivalent;

(3) A description of the location of the facility, including an address or other geographic identifier; and

(4) A preliminary timeline for project completion, including the date the facility is expected to be placed in service and other significant milestones.

d. ~~For any owner meeting the eligibility requirements of Iowa Code section 476C.1(6)*"b"* with an equity interest in the facility equal to or greater than 51 percent, a statement attesting that the owner does not have an equity interest greater than 10 percent in any other eligible renewable energy facility.~~ If the owner is applying for eligibility, a signed statement attesting that the owner intends to either sell all of the renewable energy generated by the facility, consume all of the renewable energy on site, or a combination of both.

e. ~~For any owner meeting the eligibility requirements of Iowa Code section 476C.1(6)*"b"* with an equity interest in the facility greater than 10 percent and less than 51 percent, a statement attesting that the owner does not have an equity interest equal to or greater than 51 percent in any other eligible renewable energy facility.~~ If the renewable energy produced by the facility will be sold, a copy of the power purchase agreement or other agreement to purchase electricity, hydrogen fuel, methane or other biogas, or heat for a commercial purpose, which shall designate either the producer or the purchaser as eligible to apply for the renewable energy tax credit. If the power purchase agreement or other agreement has not yet been finalized and executed, the board will accept a binding statement from the applicant that designates which party will

be eligible to apply for the renewable energy tax credit; that designation shall not be subject to change.

f. A statement describing the renewable energy upon which the tax credits will be based and how the renewable energy will be put to use. ~~A description of the facility, including at a minimum the following information:~~

~~(1) Type of facility (that is, a wind energy conversion facility, biogas recovery facility, biomass conversion facility, methane gas recovery facility, solar energy conversion facility, or refuse conversion facility, as defined in Iowa Code section 476C.1);~~

~~(2) Total nameplate generating capacity rating, plus maximum hourly output capability for any energy production capacity equivalent as defined in Iowa Code section 476C.1. For applications filed on or after July 1, 2011, the facility's combined nameplate capacity or energy production capacity equivalent must be no less than three-fourths of a megawatt if all or part of the facility's renewable energy production is used for the owners' on-site consumption, and no more than 60 megawatts if the facility is not a wind energy conversion facility;~~

~~(3) A description of the location of the facility in Iowa, including an address or other geographic identifier;~~

~~(4) The date the facility is expected to be placed in service; that is, placed in service on or after July 1, 2005, but before January 1, 2017, for eligibility under Iowa Code chapter 476C; and~~

~~(5) For eligibility under Iowa Code chapter 476C, demonstration that the facility's combined MW nameplate generating capacity and maximum hourly output capability of energy production capacity equivalent (as defined in Iowa Code section 476C.1(7)), divided by the number of separate owners meeting the requirements of Iowa Code chapter 476C, equals no more than 2.5 MW of capacity per eligible owner.~~

~~*g.* A signed statement from the owners attesting that the owners intend to either sell all the renewable energy produced by the facility, consume all the renewable energy on site, or use all the renewable energy through a combination of sale and consumption. For purposes of the signed statement, renewable energy consumed on site means any renewable energy produced by the facility and not sold.~~

~~*h.* If the owners intend to sell renewable energy produced by the facility, a copy of the power purchase agreement or other agreement to purchase electricity, hydrogen fuel, methane or other biogas, or heat for a commercial purpose, which shall designate either the producer or the purchaser as eligible to apply for the renewable energy tax credit. If the power purchase agreement or other agreement has not yet been finalized and executed, the board will accept a binding statement from the applicant that designates which party will be eligible to apply for the renewable energy tax credit; that designation shall not be subject to change.~~

~~*i.* A statement indicating the type of tax credit being sought; that is, indicating that the applicant is applying for tax credits pursuant to Iowa Code chapter 476C (1.5 cents per kWh, wind and other renewable energy tax credits).~~

15.19(2) ~~*Review and notification.* Upon receipt of a complete application, the board will review it to make a preliminary determination regarding whether the facility is an~~

~~eligible renewable energy facility. The board will notify the applicant by letter of the approval or denial of the application within 30 days of the date the application was filed. If the board fails to send the letter within 30 days, the application will be deemed denied. An applicant who receives a determination denying an application may file an appeal with the board within 30 days of the date of the denial, pursuant to the provisions of Iowa Code chapter 17A and Iowa Code section 476C.3(2). In the absence of a timely appeal, the preliminary determination shall be final.~~ *Additional information.* The board and its staff may request additional information at any time for purposes of determining initial or continuing eligibility for tax credits. During the pendency of the certification request and after certification, the applicant shall notify the board of any material change in the application within 14 days of such change.

15.19(3) ~~*Incomplete application and additional information.* If an incomplete application is filed, the board may, upon request and for good cause shown, grant an extension of time to allow the applicant to provide additional information. Also, the board and its staff may request additional information at any time for purposes of determining initial or continuing eligibility for tax credits.~~ *Ownership limitations.*

a. For solar energy conversion facilities that seek eligibility for the ten MW of nameplate generating capacity reserved in Iowa Code section 476C.3(4)(b)(3):

(1) Utilities described in Iowa Code section 476C.1(6)(b)(4)-(5) shall not have an ownership interest in more than four such facilities.

(2) There shall be no ownership limitations on such solar energy conversion facilities if the facility is contracted for, and not owned by, a utility described in Iowa Code section 476C.1(6)(b)(4) or (5).

b. For all other facilities:

(1) Limited liability companies organized pursuant to Iowa Code chapter 489 whose shares and membership are held by a corporation, limited liability company, trust, or unincorporated nonprofit association do not qualify as an eligible owner under Iowa Code section 476C.1(6)(b)(6).

(2) An owner meeting the requirements of Iowa Code section 476C.1(6)(b) shall not be an owner of more than two eligible renewable energy facilities.

(3) A person that has an equity interest equal to or greater than fifty-one percent in an eligible renewable energy facility shall not have an equity interest greater than ten percent in any other eligible renewable energy facility. The board's review of equity interest holders in each eligible renewable energy facility is not limited to the entity that owns the facility, but extends to each person that has an equity interest therein. Persons with an equity interest in an eligible renewable energy facility are not bound by the two facility limit in 199—15.19(3)(b)(2).

15.19(4) *Loss of eligibility status.*

a. Within 30 months following board approval of eligibility, the applicant shall file information demonstrating that the eligible facility is operational and producing usable energy. ~~If the board determines that the eligible facility was not operational within 30 months of board approval, the facility will lose eligibility status.~~ Failure to timely file such information will result in the facility losing eligibility status unless an extension of the facility's operational deadline has been granted by the board.

b. ~~If the facility is a wind energy conversion facility and is not operational within 18 months due to the unavailability of necessary equipment, the applicant may apply for a 12-month extension of the 30-month limit, attesting to the unavailability of necessary equipment. After granting the 12-month extension, if the board determines that the facility was not operational within 42 months of board approval, the facility will lose eligibility status.~~ Sixty days prior to losing eligibility status due to inability to become operational prior to the facility's operational deadline, an applicant may file an application for a 12-month extension if the facility is still expected to become operational. The request must identify the barriers that are delaying installation and activities that are underway to overcome the barriers, and provide a revised date the facility will become operational. The board may grant an extension if the applicant shows its intent for the facility to become operational and demonstrates continued progress towards that goal. To support such a finding the applicant shall provide one or more of the following:

(1) A power purchase agreement that contains milestone requirements or a written statement that contract negotiations are underway;

(2) Easements and/or other land contracts required for the applicant to develop, construct, and operate the proposed facility at the site;

(3) Signed contracts to purchase equipment that will be used to construct the proposed renewable energy facility and estimated delivery date;

(4) Demonstration that an interconnection application is on file with the utility and an interconnection study is pending;

(5) An executed interconnection agreement;

(6) Proof of payment to the utility for interconnection costs;

(7) Estimated project costs and the total costs expended so far, accompanied by receipts and other supporting documents;

(8) Any other support provided by the applicant that are unique to the renewable project and demonstrate the applicant's intent to become operational and commitment to achieve operational status.

c. ~~Prior to expiration of the time periods specified in paragraphs 15.19(4)*"a"* and *"b,"* the applicant may apply for a further 12-month extension if the facility is still expected to become operational. Extensions may be renewed for succeeding 12-month periods if the applicant applies for the extension prior to expiration of the current extension period. If the applicant does not apply for further extension, the facility will lose eligibility status.~~ If the facility is a wind energy conversion facility and is not operational within 18 months due to the unavailability of necessary equipment the applicant may file an application for a 12-month extension. An extension application due to unavailability of necessary equipment shall be filed within 16 months of approval of preliminary eligibility. The application shall include a showing that the turbine equipment order has been placed and an updated timeline for project completion.

d. If the owners of a facility discontinue efforts to achieve operational status, the owners shall notify the board. Upon ~~the board's~~ receipt of such notification~~,~~ the facility will lose eligibility status.

e. If the facility loses eligibility status, the applicant may reapply to the board for new eligibility. An application for new eligibility must include an executed interconnection agreement and proof of payment of interconnection costs in addition to the filing requirements in 199 IAC 15.19(1).

15.19(5) *Allocation of capacity among eligible applicants.* Iowa Code ~~section~~ chapter 476C~~.3(4)~~ establishes the maximum amounts of nameplate generating ~~capacities and energy production~~ capacity of facilities ~~equivalents~~ eligible for ~~the~~ tax credits. In the event the board receives applications for tax credits that, in total, exceed the statutory limits, the board will grant preliminary eligibility ~~rule on the applications~~ in the order qualified applications ~~they~~ are received, based upon the date and time ~~of receipt~~ filed in the board's electronic filing system. ~~Because the board does not track the time of day that filings are made with the board, if the board receives more than one application on a particular date such that the combined capacity of the applications exceeds applicable statutory limits, the board will allocate the final eligibility determinations proportionally among all applications received on that date. Alternatively, the board may withhold this allocation unless a petition for allocation is filed with the board by one of the applicants who filed its application on that particular date. If such a petition is submitted, the board will notify all applicants who filed on that particular date, allowing each applicant to opt into the allocation within 45 days of the date of the filing of the petition. Applicants who opt in must comply with subrule15.19(4) after receiving eligibility under the allocation or lose their eligibility status. Applicants who do not opt in will maintain their original application date.~~

15.19(6) *Waiting list~~s~~ for excess applications.* The board will maintain a waiting list~~s~~ of excess eligibility applications for facilities that might have received preliminary eligibility ~~under subrule 15.19(2),~~ but for the maximum capacity and capability restrictions in Iowa Code chapter 476C ~~under subrule 15.19(5)~~. ~~The priorities of the waiting lists will be in the order the applications were received, based upon the dates of receipt.~~ Applications that fail to meet the eligibility requirements contained in this rule and Iowa Code chapter 476C will not be placed on the waiting list. Those applicants will be notified that the board has denied their application. If additional capacity becomes available ~~within the capacity restrictions under subrule 15.19(5),~~ the board will ~~review the applications on the waiting lists based on their priorities, before reviewing new applications~~ grant preliminary eligibility based on the date and time the applications were filed in the board's electronic filing system. ~~Applications will be removed from the waiting lists after they are either approved or denied~~. ~~Beginning~~ Each applicant on the waiting list shall file in the board's electronic filing system annually, by August 31, ~~2007,~~ each ~~applicant on a waiting list shall annually provide the board~~ a statement of verification attesting that the information contained in the applicant's eligibility application remains true and correct, or stating that the information has changed and providing the new information.

Item 20. Revise rule **15.20** as follows:

199—15.20(476B) Applications for wind energy production tax credits under Iowa Code chapter 476B. ~~The wind energy tax credits equal one cent per kilowatt-hour of electricity generated by eligible wind energy facilities under 199—15.18(476B), which is sold or used for on-site consumption by the owner, for tax years beginning on or after July 1, 2006. The owners of an eligible facility may apply for wind energy tax credits for up to ten tax years following the date the facility is placed in service. Wind energy tax credits will not be issued for wind energy sold or used for on-site consumption after June 30, 2022. For purposes of this rule, wind energy used for on-site consumption means any electricity produced by an eligible facility and not sold.~~

~~For the first tax year for which tax credits can be claimed, the kilowatt-hours generated by and purchased from an eligible facility may exceed 12 months' production. Example: An eligible facility was placed in service on April 1, 2006, and the taxpayer files on a calendar-year basis. The first year for which tax credits can be claimed is the year ending December 31, 2007, since that is the first tax year that began on or after July 1, 2006. The credits for the 2007 tax year can include energy produced and purchased between April 1, 2006, and December 31, 2007.~~

15.20(1) *Application process for wind energy production tax credits.* ~~A wind energy facility must be approved as eligible by the board under 199—15.18(476B) in order to qualify for wind energy tax credits.~~

~~If the facility is located in a city or county neither of which has enacted an ordinance under Iowa Code section 427B.26, or if the facility is not eligible for special valuation pursuant to an ordinance adopted by the city or county under Iowa Code section 427B.26, the wind energy facility must also be approved by the city council or county board of supervisors of the city or county in which the facility is located, in accordance with Iowa Code section 476B.6(1) as amended by 2009 Iowa Acts, Senate File 456, section 4. Once the owners receive approval from their city council or county board of supervisors, additional approval from the city council or county board of supervisors is not required for subsequent tax years.~~

~~Tax credit applications for eligible facilities must be filed with the board no later than 30 days after the close of the tax year for which the credits are to be applied. The tax credit applications must be filed in paper format and are not subject to the electronic filing requirements of 199—14.2(17A,476). The tax credit applications will be held confidential by the board and the department of revenue as, among other things, documents containing customer-specific or personal information (199—paragraph 1.9(5)*"c"*) and information related to tax returns (Iowa Code section 422.20). The information will be held confidential by the board upon filing, and by the department of revenue upon receipt from the board, and will be subject to the provisions of 199—subparagraph 1.9(8)*"b"*(3). Accordingly, the applicant should mark each of the pages of the tax credit application "CONFIDENTIAL" in bold or large letters~~. The board's website contains the tax credit application filing instructions and the link through which the electronic filings are made. Upon filing, the tax credit applications will be held confidential by the board and the Iowa department of revenue as documents containing

customer-specific or personal information and information related to tax returns. The information will be subject to the provisions of 199 IAC 1.9(8)(b)(3).

a. If a facility is jointly owned, then owners applying for the tax credits must file their application jointly. ~~For each application, an original and two copies must be filed according to the following format, including a cover letter that cites this rule (199—15.20(476B)), and the following 13 information items separately identified by item number:~~ Each application must contain, at minimum, the following information.

(1) A copy of the original application for facility eligibility under Iowa Code chapter 476B, ~~199—15.18(476B),~~ plus any subsequent amendments to the application.

(2) A copy of the board's determination approving the facility as eligible for tax credits under ~~199—15.18(476B).~~Iowa Code chapter 476B.

(3) Either a copy of the city council's or county board of supervisors' approval, from the city or county in which the facility is located, ~~issued pursuant to Iowa Code section 476B.6(1) as amended by 2009 Iowa Acts, Senate File 456, section 4;~~ or a statement explaining why such approval is not required; ~~under Iowa Code section 476B.6(1) as amended by 2009 Iowa Acts, Senate File 456, section 4.~~

(4) A statement attesting that neither the owners nor the purchaser have received renewable energy tax credits for the facility under ~~199—15.21(476C).~~ Iowa Code chapter 476C.

(5) For any electricity sold, a copy of the executed power purchase agreement or other agreement to purchase electricity. Alternatively, a copy of an executed interconnection agreement or transmission service agreement is acceptable if the owners have elected to sell electricity from the facility directly or indirectly to a wholesale power pool market.

(6) For any electricity sold, the owner must provide a statement attesting that the electricity for which tax credits are sought has been generated by the eligible facility and sold to a~~n unrelated~~ purchaser that is not a related person. For purposes of the wind energy production tax credits, the definition of "related person" is the same as specified ~~in~~by the Iowa department of revenue ~~701—subrules 42.25(2) and 52.26(2)~~. That is, the definition of "related person" uses the same criteria set forth in Section 45~~(e)(4)~~ of the Internal Revenue Code relating to the federal renewable electricity production credit. Persons shall be treated as related to each other if such persons are treated as a single employer under Treasury Regulation §1.52-1. In the case of a corporation that is a member of an affiliated group of corporations filing a federal consolidated return, such corporation shall be treated as selling electricity to an unrelated person if such electricity is sold to the person by another member of the affiliated group.

For any electricity used for on-site consumption, the owner must provide a signed statement attesting under penalty of perjury that the electricity for which tax credits are sought was generated by the eligible facility and used for on-site consumption ~~not sold~~.

(7) The date that the eligible facility was placed in service ~~(that is, between July 1, 2005, and July 1, 2012)~~.

(8) The total number of kWh ~~ilowatt-hours~~ of electricity generated by the facility during the tax year.

(9) For any electricity sold, invoices or other information that documents the number of kWh ~~ilowatt-hours~~ of electricity generated by the eligible facility and sold to a~~n unrelated~~ purchaser that is not a related person during the tax year.
For any electricity used for on-site consumption, documentation showing the number of kWh ~~ilowatt-hours~~ of electricity generated by the eligible facility during the tax year and consumed during the tax year. ~~not sold.~~

(10) Information regarding the facility owners, including the name, address, and tax identification number of each owner, and the percentage of equity interest held by each owner during the period for which wind energy production tax credits will be sought ~~under Iowa Code chapter 476B as amended by 2009 Iowa Acts, Senate File 456~~. If an owner is other than a natural person, information regarding the equity owners must also be provided. This information shall be consistent with information provided in the original application for facility eligibility, as amended. ~~, under 199—15.18(476B).~~

(11) The type of tax for which the credits will be applied and the first tax year in which the credits will be applied.

(12) Identification of any applicants that are eligible to receive renewable electricity production credits authorized under Section 45 of the Internal Revenue Code. This identification should include a statement from the applicant attesting to the applicant's eligibility and any available supporting documentation.

(13) If any of the applicants is a partnership, limited liability company, S corporation, estate, trust, or any other reporting entity, all of whose income is taxed directly to its equity holders or beneficiaries for taxes imposed under Iowa Code chapter 422, division II or III, the application shall include a list of the partners, members, shareholders, or beneficiaries of the entity. This list shall include the name, address, tax identification number, and pro-rata share of earnings from the entity, for each of the partners, members, shareholders, or beneficiaries of the entity. ~~The wind energy tax credits will flow through to the entity's partners, shareholders, or members in accordance with their pro-rata share of earnings from the entity.~~

If the entity is also eligible to receive renewable electricity production credits authorized under Section 45 of the Internal Revenue Code, the entity may designate specific partners if the business is a partnership, shareholders if the business is an S corporation, or members if the business is a limited liability company, to receive the wind energy production tax credits issued under Iowa Code chapter 476B as amended ~~by 2009 Iowa Acts, Senate File 456~~, and the percentage allocable to each. Such an entity may also designate a percentage of the tax credits allocable to an equity holder or beneficiary as a liquidating distribution or portion thereof, of a holder or beneficiary's interest in the applicant entity. ~~Otherwise, in the absence of such designations, the wind energy tax credits will flow through to the entity's partners, shareholders, or members in accordance with their pro-rata share of earnings from the entity.~~

~~Alternatively, the tax credits will be issued directly to the entity if the entity is a partnership, limited liability company, S corporation, estate, trust, or any other reporting entity, all of whose income is taxed directly to its equity holders or beneficiaries for taxes imposed under Iowa Code chapter 422, division V, or under Iowa Code chapter 423, 432, or 437A.~~

b. The board will ~~forward~~ notify the ~~tax credit applications to the~~ Iowa department of revenue ~~for review and processing. Along with each forwarded application, the board will provide staff analysis and opinion~~ regarding:

(1) The completeness of the application.

(2) The facility's eligibility status under Iowa Code chapter 476B ~~199—15.18(476B)~~.

(3) Whether the reported kWh ~~ilowatt-hours~~ of electricity generated by the facility and sold or used by the owner for on-site consumption during the tax year seem accurate and eligible for wind energy production tax credits.

15.20(2) *Review process and computation of wind energy production tax credits.* The Iowa department of revenue will review the applications and ~~opinions forwarded~~ information provided by the board, calculate the tax credits, and issue wind energy production tax credit certificates to the ~~facility owners~~ applicants, in accordance with department of revenue requirements and procedures ~~under rules 701—42.25(422,476B), 701—52.26(422,476B), and 701—58.15(422,476B)~~.

Item 21. Revise rule **15.21** as follows:

~~The renewable energy tax credits equal 1.5 cents per kilowatt-hour of electricity, or 44 cents per 1,000 standard cubic feet of hydrogen fuel, or $4.50 per 1 million British thermal units of methane gas or other biogas used to generate electricity, or $4.50 per 1 million British thermal units of heat for a commercial purpose, generated by eligible renewable energy facilities under 199—15.19(476C), which is sold or used for on-site consumption by the owners, for tax years beginning on or after July 1, 2006. For renewable energy that is sold, either the owners of an eligible facility or a designated purchaser of renewable energy from the facility may apply for renewable energy tax credits for up to ten tax years following the date the facility is placed in service. For renewable energy used for on-site consumption, the owners of an eligible facility may apply for renewable energy tax credits for up to ten tax years following the date the facility is placed in service. Renewable energy tax credits will not be issued for renewable energy sold or used for on-site consumption after December 31, 2026. For purposes of this rule, renewable energy used for on-site consumption means any renewable energy produced by the facility and not sold.~~

~~For the first tax year for which tax credits can be claimed, the kilowatt-hours, standard cubic feet, or British thermal units generated by and purchased from an eligible facility may exceed 12 months' production.~~

~~Example: An eligible facility was placed in service on April 1, 2006, and the taxpayer files on a calendar-year basis. The first year for which tax credits can be claimed is the year ending December 31, 2007, since that is the first tax year that began on or after July 1, 2006. The credit for the 2007 tax year can include renewable energy produced and purchased between April 1, 2006, and December 31, 2007.~~

15.21(1) *Application process for renewable energy tax credits.* ~~A renewable energy facility must be approved as eligible by the board under 199—15.19(476C) in order to qualify for renewable energy tax credits. Tax credit applications must be filed with the board no later than 30 days after the close of the tax year for which the credits are to be applied. The tax credit applications must be filed in paper format and are not subject to~~

~~the electronic filing requirements of 199—14.2(17A,476). The tax credit applications will be held confidential by the board and the department of revenue as, among other things, documents containing customer-specific or personal information (199—paragraph 1.9(5)*"c"*) and information related to tax returns (Iowa Code section 422.20). The information will be held confidential by the board upon filing, and by the department of revenue upon receipt from the board, and will be subject to the provisions of 199—subparagraph 1.9(8)*"b"*(3). Accordingly, the applicant should mark each of the pages of the tax credit application "CONFIDENTIAL" in bold or large letters.~~ The board's website contains the tax credit application filing instructions and the link through which the filings are made. Upon filing, the tax credit applications will be held confidential by the board and the Iowa department of revenue as documents containing customer-specific or personal information and information related to tax returns. The information will be subject to the provisions of 199 IAC 1.9(8)(b)(3).

a. Either the facility owners or the purchaser of renewable energy shall be eligible to apply for the tax credits related to renewable energy that is sold. ~~, as designated under paragraph 15.19(1)*"h."*~~ Only facility owners shall be eligible to apply for tax credits related to renewable energy used for on-site consumption. If a facility is jointly owned, then owners applying for the tax credits must file their application jointly. ~~For each application, an original and two copies must be filed according to the following format, including a cover letter that cites this rule (199—15.21(476C)), and the following 12 information items separately identified by item number~~ Each application must contain, at minimum, the following information:

(1) A copy of the original application for facility eligibility under Iowa Code chapter 476C~~199—15.19(476C)~~, plus any subsequent amendments to the application.

(2) A copy of the board's determination approving the facility as eligible for tax credits under Iowa Code chapter 476C ~~199—15.19(476C)~~.

(3) A statement attesting that the owners have not received wind energy production tax credits for the facility under Iowa Code chapter 476B~~199—15.20(476B)~~.

(4) For any renewable energy sold, a copy of the power purchase agreement or other agreement to purchase from the facility electricity, hydrogen fuel, methane or other biogas, or heat for a commercial purpose. The agreement shall designate whether the producer or purchaser of renewable energy will be eligible to apply for the tax credits and shall be consistent with the designation originally filed. ~~under paragraph 15.19(1)*"h."*~~

(5) For any renewable energy sold, the applicant eligible to apply for tax credits ~~owners~~ must provide a statement from the owner attesting that the electricity, hydrogen fuel, methane or other biogas, or heat for a commercial purpose, for which tax credits are sought, has been generated by the eligible facility and sold to an unrelated purchaser. For purposes of the renewable energy tax credits, persons are related to each other if either person owns an 80 percent or more equity interest in the other person. For any renewable energy used for on-site consumption, the owners must provide a signed statement attesting under penalty of perjury that the claimed amount of electricity, hydrogen fuel, methane or other biogas, or heat for a commercial purpose for which tax credits are sought has been generated by the eligible facility and used for on-site consumption. ~~not sold.~~

(6) The date that the eligible facility was placed in service ~~(that is, between July 1, 2005, and January 1, 2017)~~.

(7) The total number of kWh ~~ilowatt-hours~~ of electricity, standard cubic feet of hydrogen fuel, British thermal units of methane gas or other biogas used to generate electricity, or British thermal units of heat for a commercial purpose generated by the eligible facility during the tax year.

(8) For any renewable energy sold, invoices or other information that documents the number of kWh ~~ilowatt-hours~~ of electricity, standard cubic feet of hydrogen fuel, British thermal units of methane gas or other biogas used to generate electricity, or British thermal units of heat for a commercial purpose generated by the eligible facility and sold to an unrelated purchaser during the tax year. For any renewable energy used for on-site consumption, documentation showing the number of kWh ~~ilowatt-hours~~ of electricity, standard cubic feet of hydrogen fuel, British thermal units of methane gas or other biogas used to generate electricity, or British thermal units of heat for a commercial purpose generated by the eligible facility during the tax year and ~~not sold~~ consumed during the tax year.

(9) Information regarding the facility owners or designated eligible purchaser, including the name, address, and tax identification number of each owner or purchaser. If the application is filed by the facility owners, this shall also include the percentage of equity interest held by each owner during the period for which renewable energy tax credits will be sought under Iowa Code chapter 476C. This information shall be consistent with ownership information provided in the original application for facility eligibility, as amended, under 199—15.19(476C).

(10) The type of tax for which the credits will be applied and the first tax year in which the credits will be applied.

(11) Identification of any applicants that are eligible to receive renewable electricity production credits authorized under Section 45 of the Internal Revenue Code. This identification should include a statement from the applicant attesting to the applicant's eligibility and any available supporting documentation.

(12) If any of the applicants is a partnership, limited liability company, S corporation, estate, trust, or any other reporting entity all of whose income is taxed directly to its equity holders or beneficiaries for taxes imposed under Iowa Code chapter 422, division II or III, the application shall include a list of the partners, members, shareholders, or beneficiaries of the entity. This list shall include the name, address, tax identification number, and pro-rata share of earnings from the entity for each of the partners, members, shareholders, or beneficiaries of the entity. ~~The renewable energy tax credits will flow through to the entity's partners, shareholders, or members in accordance with their pro-rata share of earnings from the entity.~~

If the entity is also eligible to receive renewable electricity production credits authorized under Section 45 of the Internal Revenue Code, the entity may designate specific partners if the business is a partnership, shareholders if the business is an S corporation, or members if the business is a limited liability company to receive the renewable energy tax credits issued under Iowa Code chapter 476C and the percentage allocable to each. Such an entity may also designate a percentage of the tax credits allocable to an equity holder or beneficiary as a liquidating distribution or

portion thereof of a holder or beneficiary's interest in the applicant entity. ~~Otherwise, in the absence of such designations, the renewable energy tax credits will flow through to the entity's partners, shareholders, or members in accordance with their pro-rata share of earnings from the entity.~~

~~Alternatively, the tax credits will be issued directly to the entity if the entity is a partnership, limited liability company, S corporation, estate, trust, or any other reporting entity, all of whose income is taxed directly to its equity holders or beneficiaries for taxes imposed under Iowa Code chapter 422, division V, or under Iowa Code chapter 423, 432, or 437A.~~

b. The board will ~~forward the tax credit applications to~~ notify the Iowa department of revenue ~~for review and processing. Along with each forwarded application, the board will provide staff analysis and opinion~~ regarding:

(1) The completeness of the application.

(2) The facility's eligibility status under Iowa Code chapter 476C~~199—15.19(476C)~~.

(3) Whether the reported ~~kilowatt-hours of electricity, standard cubic feet of hydrogen fuel, British thermal units of methane gas or other biogas used to generate electricity, or British thermal units of heat for a commercial purpose~~ renewable energy generated by the facility and sold or used by the owner~~s~~ for on-site consumption during the tax year seems accurate and eligible for renewable energy tax credits.

15.21(2) *Review process and computation of renewable energy tax credits.* The Iowa department of revenue will review the applications and ~~opinions forwarded~~ information provided by the board, calculate the tax credits, and issue renewable energy tax credit certificates to the applicants, ~~facility owners or designated purchaser,~~ in accordance with department of revenue requirements and procedures~~ under 701—42.26(422,476C), 701—52.27(422,476C), and 701—58.16(422,476C)~~.

Item 22. Revise rule **15.22** as follows:

15.22(1) ~~*Definitions.* For purposes of this rule:~~

~~*"Electric utility"* means a public utility that furnishes electricity to the public for compensation.~~

~~*"Model interconnection agreement"* means the applicable standard interconnection agreement under 199—Chapter 45.~~

~~*"Model ordinance"* means the model ordinance developed pursuant to Iowa Code section 476.48(3), which when adopted will be posted on the Web sites of the Iowa League of Cities at www.iowaleague.org and the Iowa State Association of Counties at www.iowacounties.org.~~

~~*"Small wind energy system"* means a wind energy conversion system that collects and converts wind into energy to generate electricity, which has a nameplate generating capacity of 100 kilowatts or less. A small wind energy system located in a small wind innovation zone but in the exclusive service territory of an electric utility that is not subject to 199—Chapter 45 and has not adopted the standard forms, procedures, and interconnection agreements in 199—Chapter 45 is not eligible for the streamlined application process referred to in Iowa Code section 476.48(2)*"a."*~~

~~*"Small wind innovation zone"* means a political subdivision of this state, including but not limited to a city, county, township, school district, community college, area education agency, institution under the control of the state board of regents, or any other local commission, association, or tribal council which adopts, or is encompassed within a local government which adopts, the model ordinance.~~ Reserved.

15.22(2) *Application for small wind innovation zone designation.* A political subdivision of this state, including but not limited to a city, county, township, school district, community college, area education agency, institution under the control of the state board of regents, or any other local commission, association, or tribal council, may apply to the board for designation as a small wind innovation zone under Iowa Code section 476.48. The application must include the following information:

a. The name, location, description, and legal boundary of the political subdivision seeking designation as a small wind innovation zone;

b. Contact information for the applicant filing on behalf of the political subdivision, including legal name, address, telephone number, and, as applicable, facsimile transmission number and electronic mail address;

c. If the political subdivision is other than a local government:

(1) Identification of the local government (or governments) that encompasses the political subdivision;

(2) Confirmation that all identified local governments have either adopted or are about to adopt the model ordinance, including copies of model ordinances adopted by the local governments, or copies of pending amendments to existing zoning ordinances intended to comply with the model ordinance; and

(3) Dates the model ordinances were adopted or anticipated dates of adoption of pending amendments to existing zoning ordinances intended to comply with the model ordinance;

d. If the political subdivision is a local government:

(1) A copy of the model ordinance adopted by the local government or copy of a pending amendment to an existing zoning ordinance intended to comply with the model ordinance; and

(2) Date the model ordinance was adopted or anticipated date of adoption of the pending amendment to an existing zoning ordinance intended to comply with the model ordinance;

e. Identification of the electric utilities that provide service within the political subdivision; and

f. Documentation from each electric utility that provides service within the political subdivision confirming that the electric utility is serving the political subdivision and that the utility is either:

(1) A utility subject to the provisions of 199—Chapter 45; or

(2) A utility not subject to the provisions of 199—Chapter 45, but which nonetheless agrees to use the standard forms, procedures, and standard interconnection agreements of 199—Chapter 45 for small wind energy systems in its service territory within the political subdivision; or

(3) A utility that is not subject to the provisions of 199—Chapter 45 and has not adopted them.

Note: Electric utilities shall provide political subdivisions the documentation required in paragraph 15.22(2)*"f."*

15.22(3) *Motion for modification of a model interconnection agreement in a small wind innovation zone.* An electric utility that uses the standard interconnection agreements in 199—Chapter 45 and the owner of a small wind energy system in a small wind innovation zone may jointly seek to modify their version of the model interconnection agreement by jointly filing a motion for board approval. The motion must include the following information:

a. The name, location, and description of the political subdivision designated as a small wind innovation zone;

b. The interconnecting electric utility;

c. Information regarding the owner of the small wind energy system, including legal name, address, telephone number, and, as applicable, facsimile transmission number and electronic mail address;

d. Description of the small wind energy system, including location and nameplate generating capacity;

e. A copy of the modified interconnection agreement clearly identifying the proposed modifications;

f. A description of the reasons and circumstances that require the modifications; and

g. Signed statements from the electric utility and the owner of the small wind energy system attesting that the proposed modifications to the interconnection agreement are mutually agreeable.

15.22(4) *Annual reporting requirement.* A current listing of small wind innovation zones shall be maintained on the board's Web site ~~at~~ www.state.ia.us/iub. ~~Beginning April 1, 2011, e~~Each electric utility that has one or more small wind innovation zones in its service territory shall file with its annual report ~~an~~ on or before April 1 each year a ~~annual~~ report for the previous calendar year listing the nameplate kW capacity of each small wind energy system that was interconnected (or previously interconnected) with the utility and produced electricity in each of the small wind innovation zones served by the utility. The information shall be provided in the following format:

Small Wind Innovation Zone	Customer Name	Nameplate kW Capacity