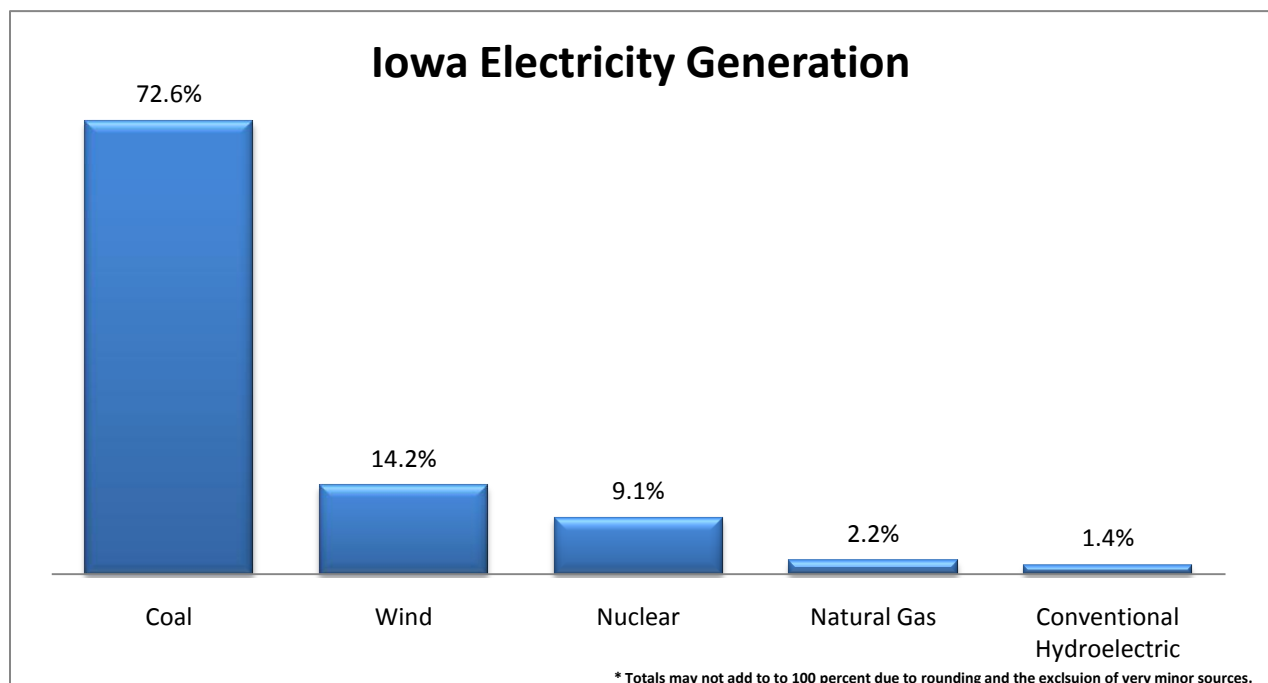


# Iowa Energy Facts

Iowa – Select Economic and Energy Data <sup>†</sup>		State Rank
Real Gross Domestic Product, per capita	\$36,773	23rd highest
Unemployment	6.7%	6th lowest
Gasoline Price, per gallon	\$2.75	21st lowest
Electricity Price, per kWh	7.29¢	12th lowest

Like most states in the Midwest, Iowa has low electricity prices in large measure because the majority of its electricity is produced by coal. Natural gas provides almost one fifth of Iowa's total energy demand, but natural gas produces only 2 percent of the state's electricity. Iowa is a leading state in electricity generation from wind energy, with 14 percent of its electricity provided from wind. The state's one nuclear power plant, Duane Arnold, provides 9 percent of Iowa's electricity.



Iowa does not have fossil fuel resources, so most of its coal is shipped by rail from Wyoming and natural gas is delivered through pipelines. Iowa is the nation's largest producer of corn-based ethanol.

## Regulatory Impediments to Affordable Energy

Although affordable energy is a vital component of a healthy economy, regulations frequently increase energy costs. Regulations imposed in the name of reducing carbon dioxide and greenhouse gas emissions are especially costly. Carbon dioxide is a natural byproduct of the combustion of all carbon-containing fuels, such as natural gas, petroleum, coal, wood, and other organic materials. Today, there is no cost-effective way to capture the carbon dioxide output of the combustion of these fuels, so any regulations that limit carbon dioxide emissions will either limit the use of natural gas, petroleum, and coal, or dramatically increase their prices.

Below are some facts about Iowa's regulatory environment that are likely to affect the cost of energy or the cost of using energy. Iowa's large number of subsidies, standards, and tax credits make energy more expensive than it would be otherwise.

- **Iowa does not cap** greenhouse gas emissions. However, legislation adopted in April 2007 directs the Climate Change Council to establish a system for reporting and monitoring greenhouse gas emissions.<sup>1</sup> The Iowa General Assembly created the Climate Change Advisory Council in April 2007, which was charged with developing scenarios that include 50 percent greenhouse gas cuts by 2050.<sup>2</sup>
- **Iowa is a member** of the Midwestern Regional Greenhouse Gas Reduction Accord, a regional agreement among six American governors and one Canadian premier to target greenhouse gas reductions. The central component of this agreement is the eventual enactment of a cap-and-trade scheme, perhaps supported by low-carbon fuel standards and other supplemental policies.
- **Iowa requires** utilities to sell a certain amount of electricity from renewable sources. Iowa requires its two investor-owned utilities—MidAmerican Energy and Alliant Energy Interstate Power and Light (IPL)—to own or to contract for a combined total of 105 megawatts (MW) of renewable generating capacity and associated energy production, which can include small hydropower facilities.<sup>3</sup>
- **Iowa requires** gasoline to be mixed with renewable fuels. House File 2754, passed in 2006, mandates that 25 percent of motor fuel come from renewable sources (E10, E85, biodiesel) by 2020.
- **Iowa does not impose** automobile fuel economy standards similar to California's, which include attempts to regulate greenhouse gas emissions from new vehicles.
- **Iowa requires** new residential and commercial buildings to meet energy efficiency standards. Residential and commercial buildings must meet the 2006 International Energy Conservation Code (IECC).<sup>4</sup> The IECC, developed by the International Code Council, is a model code that mandates certain energy efficiency standards. Executive Order 6, issued by Governor Chester Culver in 2008, creates a goal of decreasing the use of electricity, natural gas, fuel oil, and water in all state office buildings by at least 15 percent over the next 5 years.<sup>5</sup>
- **Iowa does not impose** state-based appliance efficiency standards.

- **Iowa does not allow** utilities to “decouple” revenue from the sale of electricity and natural gas. Some states decouple revenue from actual sales, allowing utilities to increase their revenue by selling less electricity and natural gas.

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<sup>†</sup> Data Sources: Real GDP per capita 2008: Bureau of Economic Analysis, *News Release: GDP by State* (June 2, 2009), [http://www.bea.gov/newsreleases/regional/gdp\\_state/gsp\\_newsrelease.htm](http://www.bea.gov/newsreleases/regional/gdp_state/gsp_newsrelease.htm); Unemployment: Bureau of Labor Statistics, *Regional and State Employment and Unemployment—February 2010* (Mar. 10, 2010); Gasoline Prices: American Automobile Association, *AAA Daily Fuel Gauge Report* (Mar. 30, 2010); Electricity Prices: Energy Information Administration, *Electric Power Monthly*, Table 5.6.B., Average Retail Price of Electricity, (March 15, 2010), [http://www.eia.doe.gov/cneaf/electricity/epm/table5\\_6\\_b.html](http://www.eia.doe.gov/cneaf/electricity/epm/table5_6_b.html); Electricity Generation Data: Energy Information Administration, *Electricity Generation 2009*, [http://www.eia.doe.gov/cneaf/electricity/epa/generation\\_state\\_mon.xls](http://www.eia.doe.gov/cneaf/electricity/epa/generation_state_mon.xls).

<sup>1</sup> S.F. 485 (Iowa 2007), <http://www.iowadnr.com/air/prof/ghg/files/SF485.pdf>.

<sup>2</sup> Iowa Climate Change Advisory Council, *Final ICCAC Report*, <http://www.iacclimatechange.us/capag.cfm>.

<sup>3</sup> Lawrence Berkeley National Laboratory, *Renewables Portfolio Standards in the United States*, <http://eetd.lbl.gov/ea/ems/reports/lbnl-154e.pdf>.

<sup>4</sup> Building Codes Assistance Project, *Code Status: Iowa*, <http://bcap-energy.org/node/68>

<sup>5</sup> Iowa Exec. Order No. 6 (Feb. 21, 2008), <http://publications.iowa.gov/6275/1/06-080221%5B1%5D.pdf>.