

Renewable energy feed-in tariffs: potential opportunities for Iowa's farmers

Abstract: Policy makers seeking a new tool to encourage investment in alternative energy sources may consider feed-in tariffs as incentives to promote adoption of solar and wind power options in Iowa.

Feed-in tariff (FIT) incentive rates are a flexible and highly effective policy tool that can be used to encourage the development of additional distributed and smaller-scale renewable energy projects on Iowa farms, businesses, and homes. FIT incentive rates are legal (not preempted by federal law), can be designed with minimal or no electric rate impact, and are a proven policy to encourage new solar panels, wind turbines, and other renewable energy technology.



What was done and why?

Known as feed-in tariffs, FITs offer an incentive price or incentive rate paid for each kilowatt-hour of renewable energy delivered to the grid, for a set period of time. FIT incentive rates provide a price that fairly compensates for the renewable energy delivered to the grid and accounts for its many benefits. This policy frequently is used globally and in other parts of the United States, but by only one utility company in Iowa.

Project objectives were to:

- Conduct policy research on feed-in tariff policies and on the benefits of increasing the amount of distributed renewable energy in Iowa, with an eye to how this would impact Iowa utilities and Iowa farms;
- Write a white paper on the research findings; and
- Conduct outreach on the research and findings to key stakeholders, including utilities, farmers, and policy makers.

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What did we learn?

Iowa utilities should begin offering FIT incentive rates now. One utility in Iowa, and many utilities around the United States, are voluntarily offering FIT incentive rates. FIT programs can be structured to target specific technologies, minimize rate impacts, and address any other concerns that the utility and its regulators or governing body may have.

Iowa policy makers should institute a comprehensive FIT policy. The state legislature should follow the guidelines set out by federal regulators to establish a FIT program statewide. Under such a program, the legislature should identify long-term energy requirements for Iowa utilities and require utilities to procure that energy using appropriate FIT incentive rates.

Federal policy makers should provide further authority and flexibility to states to adopt the best type of FIT programs in each state.