

Compressed Natural Gas in Iowa

**State of Iowa Requirements and Procedures
for Commercialization and Sale**

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Summary of Iowa Requirements and Procedures for Compressed Natural Gas

This document is specific to the state of Iowa and outlines the requirements and procedures necessary to use, distribute, and service compressed natural gas (CNG) and the equipment associated with it. Four state agencies' requirements for CNG are covered in this document: the Iowa Utilities Commission (IUC); Iowa Department of Agriculture and Land Stewardship (IDALS) Weights and Measures Bureau; Iowa Department of Revenue (IDR); and Iowa Department of Public Safety (IDPS) State Fire Marshal Division.

- **IUC:** Iowa Code section 476.87 requires that competitive natural gas providers (CNGPs) receive a certificate issued by the IUC in order to provide competitive natural gas services within the state of Iowa. The potential provider must complete an application and file it electronically with the IUC. You may request material to be held confidentially.

Once certified, CNGPs are required to file an annual report by April 1.

- **IDALS:** In order for a dealer to distribute CNG, each dispenser must have a Certificate of Conformance (COC) from the National Type Evaluation Program (NTEP). There is also specific information that must be posted on each dispenser. This includes Gasoline Liter Equivalent (GLE) or Gasoline Gallon Equivalent (GGE), units, price per unit, and total price.

To obtain a servicer's license, the applicant must demonstrate they have adequate testing equipment and possess a working knowledge of all devices the servicer intends to install or repair, as well as all appropriate weights, measures, statutes, and rules. There is no State of Iowa qualifying examination for CNG service companies, thus IDALS will work with the applicant to ensure that adequate equipment has been procured and proper procedures, as outlined by NIST, are being followed.

- **IDR:** A license must be issued by IDR for taxes to be collected or remitted on CNG in Iowa. IDR issues the appropriate license after receiving the required application. There are three types of CNG licenses in Iowa: dealer, user, and consolidated.

The tax rate of CNG in Iowa is \$0.310 per gallon. The CNG fuel is not taxed until it is delivered into equipment for compressing the gas for subsequent delivery into the fuel supply tank of a vehicle. The tax must be remitted each month after the license is approved. Licensees will be contacted by IDR once the license is issued.

- **IDPS State Fire Marshal:** Motor fuel-dispensing facilities for CNG fuel shall be in accordance with Sections 2208 and 2111 of chapter 22 and section 3003 of chapter 30 of the 2009 International Fire Code. The fuel-dispensing facilities,

storage containers and repair garages must all be approved, listed, secure and equipped with the necessary additions to make them as safe and efficient as possible. Only trainer personnel should handle these systems and the natural gas itself.

NOTE: Inquiries about liquefied natural gas (LNG) or hydrogen standards and requirements should be directed to each agency's contacts as provided in this document.

Senate File 473 applies an excise tax on hydrogen used as fuel effective January 1, 2020.

Iowa Utilities Commission (IUC)

[Iowa Code section 476.87](#) requires that CNGPs have a certificate issued by the IUC in order to provide competitive natural gas services within the state of Iowa. When seeking certification, the potential provider must complete an application and file it electronically with the IUC. Interested parties may request that material provided in the application be held confidential. Once certified, CNGPs are required to file an annual report with the IUC.

Certification Requirements

CNGPs must receive a certificate in order to provide CNG services to Iowa retail users. The CNGP application and filing information is available on the IUC's [Certified Natural Gas Providers](#) webpage or review the application [Form for Vehicle Fuel Providers](#).

Iowa Code section 476.87 requires CNGPs operating in Iowa to be certified by the IUC. Competitive natural gas providers and aggregators are defined in [Iowa Code section 476.86](#) as follows:

1. "Aggregator" means a person who combines retail end users into a group and arranges for the acquisition of competitive natural gas services without taking title to those services.
2. a. "Competitive natural gas provider" means a person who takes title to natural gas and sells it for consumption by a retail end user in the state of Iowa. "Competitive natural gas provider" includes an affiliate of an Iowa gas utility.
b. "Competitive natural gas provider" does not include the following:
 - (1) A public utility which is subject to rate regulation under this chapter.
 - (2) A municipally owned utility which provides natural gas service within its incorporated area or within the municipal natural gas competitive service area, as defined in Iowa Code § 437A.3(22)(a)(1), in which the municipally owned utility is located.

Retailers of CNG for motor vehicle fueling fall under the CNGP definition; therefore, they must obtain a CNGP certificate from the IUC. CNGP applications are to be filed via the IUC's electronic filing system (EFS) at efs.iowa.gov.

Following receipt of the application, the IUC will notify applicants if the application is deficient, and will provide 30 days to remedy deficiencies. Applications are considered complete when all required materials have been submitted. CNGP applicants are notified by letter delivered via EFS when applications are complete. At this point, the IUC's 90-day review period begins. The IUC will make a determination on applications within 90 days unless the IUC determines that an additional 60 days are necessary.

The applicant is required to notify the IUC during the certification proceeding and/or after certification of any material changes in the representations and commitments required for certification, within 14 days of the change. Material changes requiring notification include, but are not limited to, opening additional fueling stations, CNGP name changes, changes in CNGP business structure, and changes in CNGP ownership.

A listing of the current certified natural gas providers in Iowa is available on the IUC's Certified Natural Gas Providers webpage.

How to File a CNGP Application

CNGP applications are to be **filed electronically** with the IUC. To submit a filing or to register for a user account, please visit [EFS](#). When the application is processed, a docket number will be assigned to the application as a CGP (Competitive Gas Provider) docket. CNGPs should reference the docket number assigned to the original application (i.e., Docket No. CGP-XXXX-XXXX) whenever additional information is filed with the IUC.

Once a CNGP has been granted a certificate to provide natural gas services in Iowa, the CNGP is required to file an annual report with the IUC.

Requesting to File Confidential Materials

All filings with the IUC are to be made via EFS. To submit a filing or to register for a user account, please visit [EFS](#).

Applicants may request material to be held confidential in a CGP filing according to IUC rule [199 Iowa Administrative Code 1.7\(4\)](#). If a request for confidentiality complies with the requirements below, the materials in the applicant's filing will be temporarily withheld from public inspection until the IUC issues an order in response to the request.

Confidential treatment may be requested for the annual information requirements, except for the total annual gross revenues for Iowa operations, which are made public under section 476.10.

If an applicant wishes to seek confidential treatment for this information, they must file a request for confidentiality with the IUC, stating the legal basis for withholding the materials from public inspection and the facts relied upon in support of the legal basis. The request must be supported by an affidavit executed by a corporate officer or employee or by an individual, if not a business entity, with personal knowledge of the specific facts. If the materials are requested to be withheld from public inspection for only a limited period of time, the period must be specified.

The document(s) filed containing confidential information must include one public version with the confidential information redacted according to the IUC's standards for electronic information and one version of the document containing the confidential information.

Both versions are to be named according to the following convention: "Document Title – Public" and "Document Title – Confidential." It is the responsibility of the person submitting a public version of the electronic document to take appropriate measures to ensure that any embedded information for which confidential treatment is sought is non-viewable, non-searchable, and nonreversible.

Each page of the confidential version of the document must be marked in a way that identifies it as belonging to the confidential version of the document. The confidential material itself must be highlighted or otherwise distinguished on the page to identify what

specific information is confidential.

If a request complies with the procedure outlined here and the content of the request as described above, the materials will be temporarily withheld from public inspection until the IUC issues an order in response to the request. If the request is granted, the ruling will be placed in a public file in lieu of the materials being withheld from public inspection. If the request is denied, the documents will be held confidential for 14 days to allow the applicant an opportunity to seek injunctive relief. After the 14 days expire, the materials will be available for public inspection, unless the IUC is directed by a court to keep the information confidential.

Finally, if no objection is filed within 20 days from the filing of the request, the IUC may defer consideration of the request until a public records request is made for the material or information.

Annual Reporting Requirements

Under [199 IAC 19.14\(5\)\(c\)](#), all CNGPs are required to file an annual report with the IUC by April 1 of each year. The annual report (Form CNGP-1) will be completed electronically in [IUB 24/7](#) in your company profile. A CNGP may designate as confidential those portions of the annual report relating to financial records, number of customers, and volumes; however, the CNGP may not designate as confidential its aggregate sales volume nor its annual gross operating revenues. A request for confidential treatment is found under [199 Iowa Administrative Code 1.9\(6\)](#).

The following information is to be included in the report:

1. The average number of small-volume end users served per month.
2. The average number of large-volume end users served per month.
3. The total volume of sales to small-volume end users, by month.
4. The total volume of sales to large-volume end users, by month.
5. The revenue collected from small-volume end users for competitive natural gas services, excluding any revenue collected from end users on behalf of utilities.
6. The revenue collected from large-volume end users for competitive natural gas services, excluding any revenue collected from end users on behalf of utilities.
7. The date the applicant began providing service in Iowa.

New companies: If you are a new company providing services in Iowa, create a new company profile in [IUB 24/7](#). Once your company profile has been accepted, you will receive an IUC Company Number. Then you can proceed with submitting your application for certification in EFS. If you have previously submitted an application for certification and you have not created a company profile in IUB 24/7, you will need to do so at this time. For help in creating a company profile, call 877-565-4450 or email ITsupport@iuc.iowa.gov.

Requirement to Notify Commission of Material Changes

If an Iowa CNGP changes its name or any other representations or commitments made in its initial filing, it must notify the IUC of any such changes within 14 days. This would include any changes in address, telephone number, contact person, etc. In the case of a name change, the IUC would issue a new certificate reflecting the new name. This

notification is required by [199 IAC 19.14\(3\)](#). When filing a notice of change with the IUC, CNGPs should reference the docket number assigned to the original application for certification, i.e., Docket No. CGP-XXXX-XXXX.

For additional information or help in making a filing with the IUC or creating a company profile, call (877) 565-4450 or email ITsupport@iuc.iowa.gov.

Iowa Department of Agriculture and Land Stewardship (IDALS) Weights and Measures Bureau

The following is additional information about the summary of requirements under IDALS.

Dispenser Certification

Commercial measuring devices must have COC from the NTEP.

Information to be Posted at the Dispenser

IDALS has adopted the following handbooks from the National Institute of Standards and Technology:

- [NIST Handbook 130](#)
- [NIST Handbook 44](#)

The above handbooks address topics including:

- Gasoline Liter Equivalent (GLE) or Gasoline Gallon Equivalent (GGE),
- Retail sales of natural gas sold as a vehicle fuel
- Marking of Gasoline Volume Equivalent Conversion Factor
- Units, price per unit, and total price
- Mass Flow Meters, Users Requirements. Includes hose length and printed tickets.

How to Obtain an Iowa Servicer's License

[Iowa Code chapter 215](#) states:

215.23 Servicer's license

A servicer shall not install, service, or repair a commercial weighing or measuring device until the servicer has demonstrated that the servicer has available adequate testing equipment, and that the servicer possesses a working knowledge of all devices the servicer intends to install or repair and of all appropriate weights, measures, statutes, and rules, as evidenced by passing a qualifying examination to be conducted by the department and obtaining a license. The secretary of agriculture shall establish by rule pursuant to chapter 17A, requirements for and contents of the examination. In determining these qualifications, the secretary shall consider the specifications of the United States national institute of standards and technology, handbook forty-four, *"Specifications, tolerances, and technical requirements for*

commercial weighing and measuring devices”, or the current successor or equivalent specifications adopted by the United States national institute of standards and technology. The secretary shall require an annual license fee of not more than five dollars for each license. Each license shall expire one year from date of issuance.

Please note that currently, there is no State of Iowa qualifying examination for CNG service companies, thus IDALS will work with the applicant who wishes to become a licensed service provider, to ensure that adequate equipment has been procured and proper procedures, as outlined by NIST, are being followed.

[Review the application.](#)

If the applicant does not choose to immediately become a service company, IDALS can provide names of other local licensed service companies that work on petroleum dispensers, and may be willing to expand their expertise into CNG.

Appropriate Testing Equipment and Examination Procedure for CNG

[NIST Handbook 112](#) contains the Examination Procedure Outline (EPO) for CNG dispensers, starting on page 28-2. When IDALS inspects the dispenser, they will follow the EPO – and thus licensed service companies shall also adhere to the EPO. The EPO contains a list of equipment needed for testing.

For information, contact the [IDALS Weights and Measures Bureau](#) at (515) 321-0031.

Iowa Department of Revenue

CNG isn't subject to Iowa fuel tax until it is delivered into equipment for compressing the gas for subsequent delivery into the fuel supply tank of a vehicle. In order for fuel tax to be collected or remitted on CNG in Iowa, a license must be issued by the Iowa Department of Revenue (IDR).

There are three types of CNG licenses in Iowa:

- CNG Dealer
- CNG User
- CNG Consolidated Location

IDR issues the appropriate license after receiving the required application. The tax is remitted each month after the license is approved. Licensees will be contacted with additional information once the license is issued.

Applying for an Iowa Fuel Tax License

Review the [application form](#) for a license.

Compressed Natural Gas (CNG) License Types

Dealer: A person in the business of handling untaxed CNG who delivers any part of the fuel into a fuel supply tank of any motor vehicle. A dealer may also fuel the dealer's own vehicles under this license.

User: A person who dispenses compressed natural gas for highway use, upon which the special fuel tax has not been previously paid, from fuel sources owned and controlled by the person into the fuel supply tank of a motor vehicle or commercial vehicle owned or controlled by the person.

Consolidated Location: A separate license is required for each location where CNG is delivered into the fuel supply tank of a motor vehicle. For reporting purposes, a licensee may file a separate return for each separately licensed location; or, if arrangements have been made with the Department, the licensee may file a consolidated return reporting all sales made at all locations for which a license is held. However, a consolidated return may not be used to combine dealer and user operations.

Tax Rate

The current tax rate for CNG in Iowa is \$0.31 per gallon. This rate was effective March 1, 2015. The previous rate was \$0.21 per gallon.

Collection and Remittance of the Tax

CNG fuel is not taxed until the use is determined. Tax attaches to CNG when it is delivered into equipment for compressing the gas for subsequent delivery into the fuel supply tank of a motor vehicle.

How to Remit the Tax

When the license application is approved, the applicant will be contacted by the Department. A paper return and a paper check are filed each month.

For information on fuel taxes in Iowa, call (515) 281-6829, email IDRMotorFuel@iowa.gov, or review Motor Fuel Tax Forms at tax.iowa.gov/forms.

Iowa Department of Public Safety (IDPS) State Fire Marshal Division

Motor fuel-dispensing facilities and repair garages for CNG fuel shall be in accordance with Sections 2208 and 2111 of chapter 22 and section 3003 of chapter 30 of the [International Fire Code](#), which contains the actual regulations. Below is a summary of these sections.

Chapter 22 – Motor Fuel-Dispensing Facilities and Repair Garages

Section 2208 - Compressed Natural Gas Motor Fuel-Dispensing Facilities

Motor fuel-dispensing facilities for CNG fuel shall be in accordance with this section and chapter 30. Storage vessels and equipment used for storage, compression or dispensing of natural gas shall be approved or listed, and labeled. Dispensing operations and equipment shall be located above ground, and outdoors with some exceptions.

Private fueling shall be limited to the filling of permanently mounted fuel containers on CNG-powered vehicles. The owner of self-service CNG motor fuel-dispensing facility shall ensure the safe operation of the system and the training of users.

Pressure regulators shall be designed and installed or protected so that their operation will not be affected by the elements. Gas piping to equipment should have a readily accessible emergency shutoff valve. The shutoff valve shall be located within 25 feet and 75 feet from dispensers. A shutoff valve should also be provided in the compressor area. The discharge of CNG from motor vehicle cylinders shall be accomplished through a closed transfer system.

Atmospheric venting of CNG shall be approved by a fire code official and should also have approved signage.

Section 2211 - Repair Garages

Repair garages should have an approved mechanical ventilation system that runs constantly and is designed to utilize air supply inlets and exhaust outlets. The garage should also be continuously monitored by a natural gas detection system, which shall shut down the fueling system in the event of failure of the ventilation system. The detection system shall be listed or approved and shall be calibrated to the types of fuels and gases used by vehicles to be repaired.

Chapter 30 – Compressed Gases

Section 3003 - General Requirements

CNG containers, cylinders and tanks shall comply with this section. They should be designed, fabricated, marked and maintained in accordance with the regulations of the American Society of Mechanical Engineers (ASME) Boiler and Pressure Vessel Code, Section VIII.

Pressure relief devices shall be provided to protect containers, cylinders and tanks from rupture in the event of overpressure. They should be designed and sized in accordance with the specifications to which the container was fabricated, as well as arranged to discharge upward and unobstructed to the open air and located where moisture cannot collect.

The containers, cylinders and tanks should be marked with the name of the gas and visible from every direction, as well as in accordance with Sections 2703.5 and 2703.6. The piping systems shall be marked in accordance with ASME A13.1 at each valve.

Containers, cylinders and tanks should be secured against accidental dislodgement and unauthorized personnel using guard posts and other approved manners. They should be secured to prevent falling caused by contact, vibration or seismic activity, which can be completed using a number of different measures explained in Section 3003.5.3.

The valves on the containers should be protected by means of caps, collars or similar devices that are attached. They should be in place at all times except when in use, being serviced or being filled.

Any compressed gas container should be separated from materials and conditions which pose exposure hazards to or from each other. Electrical wiring and equipment should comply with National Fire Protection Agency (NFPA) 70. Any service or repairs to be done on the container, valves, or pressure-relief devices shall be performed by trained personnel. Also, the containers and systems shall not be used for any purpose other than to serve as a vessel for containing the product.

Any container that has been exposed to fire should be removed from service by trained personnel. The same goes for leaking, damaged or corroded containers, unless they can be repaired to serviceable condition.

Compressed gas containers are allowed to be stored or used without being placed under overhead cover, unless in locations where extreme temperatures prevail. They should be protected from direct contact with soil or unimproved surfaces. The surfaces where they are placed shall be graded to prevent water accumulation. Approved lighting by natural or artificial means shall be provided. Also, generation, compression, storage and dispensing equipment for compressed gases shall be allowed to be located either above- or below-grade vaults.

Resources

This document was completed using information received from the Iowa Utilities Commission; Iowa Department of Agriculture and Land Stewardship, Weights and Measures Bureau; Iowa Department of Revenue; and Iowa Department of Public Safety, State Fire Marshal Division, and compiled by the Iowa Clean Cities Coalition (ICCC) at the Iowa Economic Development Authority. It was created as an Iowa-specific guide for compressed natural gas (CNG) users, dealers and servicers looking to understand the state's requirements and procedures of CNG and the equipment associated with it.

For questions, contact the following agencies:

Iowa Utilities Commission (IUC)

ITsupport@iuc.iowa.gov

(877) 565-4450

Iowa Department of Agriculture and Land Stewardship (IDALS)

[Weights and Measures Bureau](#)

(515) 321-0031

Iowa Department of Revenue (IDR)

IDRMotorFuel@iowa.gov

(515) 242-6829

Iowa Economic Development Authority (IEDA)

[Iowa Clean Cities Program/Energy Office](#)

(515) 348-6223