

SENATE BILL No. 378

DIGEST OF INTRODUCED BILL

Citations Affected: IC 8-1.

Synopsis: Renewable energy standards. Requires an electricity supplier to supply a certain percentage of its total electricity supply from renewable energy resources. Establishes the renewable energy resources fund to receive penalties paid by electricity suppliers that fail to supply electricity from renewable energy resources. Continuously appropriates money in the fund. Requires the utility regulatory commission to adopt guidelines to assist electricity suppliers that participated in the CEPS program in complying with the new renewable energy standards. Repeals IC 8-1-37 (voluntary clean energy portfolio standard (CEPS) program).

Effective: July 1, 2015.

Stoops

January 12, 2015, read first time and referred to Committee on Utilities.



First Regular Session 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

SENATE BILL No. 378

A BILL FOR AN ACT to amend the Indiana Code concerning utilities and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 8-1-8.8-10, AS AMENDED BY P.L.13-2013,
2 SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2015]: Sec. 10. (a) As used in this chapter "renewable energy
4 resources" means the following:
5 (1) A clean energy resource listed in ~~IC 8-1-37-4(a)(1)~~
6 **IC 8-1-35-6(a)(1)** through ~~IC 8-1-37-4(a)(16)~~.
7 **IC 8-1-35-6(a)(12)**.
8 (2) Low temperature, oxygen starved gasification of municipal
9 solid waste.
10 (3) Methane recovered from landfills for the production of
11 electricity.
12 (b) Except for energy described in subsection (a)(2), ~~and~~
13 ~~IC 8-1-37-4(a)(9)~~, the term does not include energy from the
14 incinerations, burning, or heating of any of the following:
15 (1) Tires.
16 (2) General household, institutional, commercial, industrial



1 lunchroom, office, or landscape waste.

2 (c) The term excludes treated or painted lumber.

3 SECTION 2. IC 8-1-8.8-14, AS AMENDED BY P.L.53-2014,
4 SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JULY 1, 2015]: Sec. 14. The group shall conduct an annual study on
6 the use, availability, and economics of using in Indiana the clean
7 energy resources listed in ~~IC 8-1-37-4(a)(1)~~ **IC 8-1-35-6(a)(1)** through
8 ~~IC 8-1-37-4(a)(6)~~ **IC 8-1-35-6(a)(6)**. The commission may direct the
9 group to study additional clean energy resources as the commission
10 considers appropriate. Each year, the group shall submit a report on the
11 study to the commission for inclusion in the commission's annual report
12 to the interim study committee on energy, utilities, and
13 telecommunications established by IC 2-5-1.3-4 in an electronic format
14 under IC 5-14-6. The commission shall direct the group concerning the
15 appropriate level of detail for the report. The report must include
16 suggestions from the group to encourage the development and use of
17 clean energy resources and technologies appropriate for use in Indiana.

18 SECTION 3. IC 8-1-35 IS ADDED TO THE INDIANA CODE AS
19 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
20 1, 2015]:

21 **Chapter 35. Renewable Energy Development**

22 **Sec. 1. As used in this chapter, "electricity supplier" means a**
23 **public utility (as defined in IC 8-1-2-1) that furnishes retail electric**
24 **service to the public. The term does not include a public utility that**
25 **is:**

- 26 (1) a corporation organized under IC 8-1-13;
27 (2) a corporation organized under IC 23-17-1 that is an
28 electric cooperative and that has at least one (1) member that
29 is a corporation organized under IC 8-1-13; or
30 (3) a municipally owned utility (as defined in IC 8-1-2-1(h)).

31 **Sec. 2. (a) As used in this chapter, "energy efficiency measures"**
32 **means a device, method, or project that:**

- 33 (1) is installed or implemented by an electricity supplier; and
34 (2) reduces electrical energy usage.

35 **(b) The term includes the following:**

- 36 (1) Home weatherization.
37 (2) Appliance efficiency modifications or replacements.
38 (3) Motor efficiency modifications or replacements.
39 (4) Lighting efficiency modifications.
40 (5) Heating or air conditioning modifications or replacements.
41 (6) Building designs with the purpose of achieving end use
42 energy reductions.



1 **(7) Improvements that:**

2 **(A) increase the efficiency of transmission and distribution**
 3 **systems used to transmit electricity from the source to the**
 4 **end user; and**

5 **(B) reduce the loss of electricity during transmission.**

6 **(8) Energy efficiency or demand side management programs.**

7 **Sec. 3. As used in this chapter, "fund" refers to the renewable**
 8 **energy resources fund established by section 11 of this chapter.**

9 **Sec. 4. As used in this chapter, "regional transmission**
 10 **organization" refers to a regional transmission organization**
 11 **approved by the Federal Energy Regulatory Commission that**
 12 **serves a region that includes all or part of Indiana.**

13 **Sec. 5. As used in this chapter, "renewable energy credit", or**
 14 **"REC", means a tradable commodity equivalent to one (1)**
 15 **megawatt hour of electricity generated by renewable energy**
 16 **resources.**

17 **Sec. 6. (a) As used in this chapter, "renewable energy resources"**
 18 **includes the following sources for the production of electricity:**

19 **(1) Dedicated crops grown for energy production.**

20 **(2) Solar energy technologies, including:**

21 **(A) photovoltaic cells and panels; and**

22 **(B) solar thermal energy.**

23 **(3) Hydropower, other than hydropower involving the**
 24 **construction of new dams or the expansion of existing dams.**

25 **(4) Wind.**

26 **(5) Sawmill waste, other than waste derived from virgin**
 27 **timber.**

28 **(6) Agricultural crop waste.**

29 **(7) Methane systems that convert waste products, including**
 30 **animal, food, and plant waste, into electricity.**

31 **(8) Methane recovered from landfills.**

32 **(9) Fuel cells that directly convert chemical energy in a**
 33 **hydrogen rich fuel into electricity.**

34 **(10) Combined heat and power systems that:**

35 **(A) use natural gas or renewable energy resources as**
 36 **feedstock;**

37 **(B) achieve at least seventy percent (70%) overall**
 38 **efficiency; and**

39 **(C) are constructed after January 1, 2015.**

40 **(11) Energy efficiency measures installed after January 1,**
 41 **2015, that reduce electrical energy usage.**

42 **(12) Geothermal hot water district heating systems.**



1 **(b) The term does not include energy from the incineration,**
 2 **burning, or heating of the following:**

3 **(1) Tires.**

4 **(2) Garbage, including municipal solid waste burned as fuel**
 5 **to generate electricity.**

6 **(3) General household, institutional, or commercial waste.**

7 **(4) Industrial lunchroom or office waste.**

8 **(5) Landscape waste.**

9 **(6) Construction or demolition debris.**

10 **(7) Feedstock that is municipal, food, plant, industrial, or**
 11 **animal waste from outside Indiana.**

12 **Sec. 7. Each electricity supplier shall supply electricity**
 13 **generated or reduced by renewable energy resources to Indiana**
 14 **customers as a percentage of the total electricity supplied by the**
 15 **electricity supplier to Indiana customers as follows:**

16 **(1) Not later than December 31, 2015, at least five percent**
 17 **(5%).**

18 **(2) Not later than December 31, 2016, at least seven percent**
 19 **(7%).**

20 **(3) Not later than December 31, 2017, at least nine percent**
 21 **(9%).**

22 **(4) Not later than December 31, 2018, at least eleven percent**
 23 **(11%).**

24 **(5) Not later than December 31, 2019, at least thirteen percent**
 25 **(13%).**

26 **(6) Not later than December 31, 2020, at least fifteen percent**
 27 **(15%).**

28 **(7) Not later than December 31, 2021, at least seventeen**
 29 **percent (17%).**

30 **(8) Not later than December 31, 2022, at least nineteen**
 31 **percent (19%).**

32 **(9) Not later than December 31, 2023, at least twenty-one**
 33 **percent (21%).**

34 **(10) Not later than December 31, 2024, at least twenty-three**
 35 **percent (23%).**

36 **(11) Not later than December 31, 2025, at least twenty-five**
 37 **percent (25%).**

38 **For purposes of this subsection, electricity is measured in**
 39 **megawatt hours.**

40 **Sec. 8. (a) An electricity supplier may use a renewable energy**
 41 **resource described in section 6(a)(10) of this chapter to generate**
 42 **not more than ten percent (10%) of the electricity that the**



1 electricity supplier is required to supply under section 7 of this
2 chapter.

3 (b) An electricity supplier shall use a renewable energy resource
4 described in section 6(a)(11) of this chapter to generate at least fifty
5 percent (50%) of the electricity that the electricity supplier is
6 required to supply under section 7 of this chapter. Not more than
7 twenty percent (20%) of the amount of electricity generated under
8 this subsection must be from a renewable energy resource
9 described in section 6(a)(11) of this chapter that is an energy
10 efficiency measure described in section 2(b)(7) of this chapter.

11 (c) An electricity supplier may own, generate, purchase, or trade
12 RECs to comply with section 7 of this chapter.

13 (d) An electricity supplier is responsible for conducting
14 sufficient advance planning to acquire its allotment of RECs.

15 (e) An electricity supplier that is required, and fails, to comply
16 with section 7 of this chapter shall deposit in the fund an amount
17 equal to:

- 18 (1) the number of megawatt hours of electricity that the
- 19 electricity supplier was required to but failed to supply under
- 20 section 7 of this chapter; multiplied by
- 21 (2) fifty dollars (\$50).

22 An electricity supplier may not recover from its customers a cost
23 incurred under this subsection.

24 **Sec. 9. (a)** An electricity supplier is not required to comply with
25 section 7 of this chapter if the commission determines that events
26 beyond the reasonable control of the electricity supplier prevent
27 the electricity supplier from meeting its renewable energy
28 resources or REC requirements. For purposes of this section,
29 "events beyond the reasonable control of the electricity supplier"
30 includes only weather related damage. The term does not include
31 failure of the spot or short term market to supply an electricity
32 supplier with the allocated number of RECs.

33 (b) The commission shall conduct a public hearing before
34 making a determination under subsection (a).

35 (c) If the commission determines under subsection (a) that
36 events beyond the reasonable control of the electricity supplier
37 prevent the electricity supplier from meeting its renewable energy
38 resources or REC requirements, the commission shall:

- 39 (1) reduce the affected electricity supplier's obligations under
- 40 section 7 of this chapter as appropriate; and
- 41 (2) review the commission's determination not more than six
- 42 (6) months after the reduction under subdivision (1) takes



1 effect.

2 **Sec. 10. (a)** For purposes of calculating RECs to determine an
3 electricity supplier's compliance with section 7 of this chapter, the
4 following apply:

5 (1) One (1) megawatt hour of electricity generated by
6 renewable energy resources in an Indiana facility equals one
7 (1) REC.

8 (2) One (1) megawatt hour of electricity generated by a
9 renewable energy resource described in section 6(a)(2) or
10 6(a)(7) of this chapter that originates in Indiana equals two (2)
11 RECs.

12 (3) One (1) megawatt hour of electricity generated by a
13 renewable energy resource described in section 6(a)(5) or
14 6(a)(6) of this chapter that originates in Indiana equals one
15 and two-tenths (1.2) RECs.

16 (4) One (1) megawatt hour of electricity that is generated by
17 a renewable energy resource in the territory of a regional
18 transmission organization and imported into Indiana equals
19 the following:

20 (A) For the period beginning July 1, 2015, and ending
21 December 31, 2018, one (1) REC.

22 (B) For the period beginning January 1, 2019, and ending
23 December 31, 2025, five-tenths (0.5) REC.

24 (b) An electricity supplier may satisfy not more than ten percent
25 (10%) of the electricity supplier's requirement under section 7 of
26 this chapter by owning or purchasing RECs generated by a
27 renewable energy resource described in section 6(a)(10) of this
28 chapter.

29 (c) A REC calculated under this section shall be increased as
30 follows:

31 (1) A REC that is available during periods of peak demand is
32 increased by two-tenths (0.2) REC.

33 (2) A REC that is:

34 (A) generated during periods of nonpeak demand; and

35 (B) stored and made available during periods of peak
36 demand;

37 is increased by two-tenths (0.2) REC.

38 (3) A REC that is generated using equipment made in
39 Indiana, as determined by the commission, is increased by
40 one-tenth (0.1) REC.

41 (4) A REC that is generated in a facility constructed by
42 Indiana workers, as determined by the commission, is



1 increased by one-tenth (0.1) REC.

2 **Sec. 11. (a) The renewable energy resources fund is established**
3 **to provide funding for the following:**

4 (1) **Renewable energy technology research at state supported**
5 **colleges and universities.**

6 (2) **Grants or other financial incentives for renewable energy**
7 **manufacturing projects.**

8 (3) **Education and technical assistance projects that encourage**
9 **businesses and industries to install energy efficiency and**
10 **renewable energy technologies.**

11 (4) **The design, planning, construction, and use of renewable**
12 **energy resources in Indiana, including facilities with a**
13 **nameplate capacity of five (5) megawatts or less that generate**
14 **electricity from renewable energy resources.**

15 (b) **The fund consists of the following:**

16 (1) **Money deposited under section 8(e) of this chapter.**

17 (2) **Money from any other source that is deposited in the fund.**

18 (c) **The Indiana economic development corporation shall**
19 **administer the fund.**

20 (d) **The expenses of administering the fund shall be paid from**
21 **money in the fund but may not exceed ten percent (10%) of the**
22 **balance in the fund.**

23 (e) **The treasurer of state shall invest the money in the fund not**
24 **currently needed to meet the obligations of the fund in the same**
25 **manner as other public money may be invested. Interest that**
26 **accrues from these investments shall be deposited in the fund.**

27 (f) **Money in the fund at the end of a state fiscal year does not**
28 **revert to the state general fund. Money in the fund is continuously**
29 **appropriated for purposes of the fund.**

30 **Sec. 12. Not later than March 1, 2016, and each year thereafter,**
31 **a utility shall file with the commission a report of the utility's**
32 **compliance with this chapter for the preceding calendar year.**

33 **Sec. 13. (a) The commission shall adopt rules under IC 4-22-2 to**
34 **implement this chapter, including rules to establish a program for**
35 **the certification and trading of RECs to comply with section 7 of**
36 **this chapter.**

37 (b) **The commission shall adopt and publish guidelines to assist**
38 **electricity suppliers that participated in the voluntary clean energy**
39 **portfolio standard program under IC 8-1-37 (repealed) in**
40 **complying with this chapter.**

41 **Sec. 14. Not later than November 1, 2015, the commission shall**
42 **submit a report in an electronic format under IC 5-14-6 to the**



1 **general assembly that includes:**
2 **(1) an analysis of; and**
3 **(2) any legislative proposals the commission believes would**
4 **increase;**
5 **the effectiveness of and industry compliance with this chapter.**
6 SECTION 4. IC 8-1-37 IS REPEALED [EFFECTIVE JULY 1,
7 2015]. (Voluntary Clean Energy Portfolio Standard Program).

