

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7514**  
**BILL NUMBER: HB 1603**

**NOTE PREPARED:** Dec 31, 2004  
**BILL AMENDED:**

**SUBJECT:** Net Metering and Interconnection Rules.

**FIRST AUTHOR:** Rep. Dvorak  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill requires the Utility Regulatory Commission (IURC) to adopt emergency rules amending the IURC's net metering and interconnection rules for electric utilities. It requires the amended rules to: (1) make net metering available to residential, commercial, and industrial customers and K-12 schools; (2) allow a generating facility with a nameplate capacity of two megawatts or less to interconnect to the distribution facility of an electric utility; and (3) allow an electric utility to limit the total nameplate capacity of all generating facilities interconnected with its distribution system to 1% of the utility's most recent summer peak load. It provides that the existing rules are void to the extent they do not comply with the requirements for the amended rules. The bill also requires the IURC to report to the Regulatory Flexibility Committee on the IURC's progress in adopting the amended rules.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** This bill requires the IURC to adopt rules on net metering and interconnection of electric utilities and report to the Regulatory Flexibility Committee on its progress in adopting the rules. Any administrative impact caused by this proposal could be absorbed using the IURC's existing staff and resources.

*Background on IURC and Office of the Utility Consumer Counselor (OUCC) Funding:* The operating budgets of the IURC and OUCC are funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.10% of their gross intra-state operating revenues to fund

the IURC and OUCC. In FY 2004, fees from the utilities and fines generated approximately \$10.6M.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** IURC.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Valerie Ruda, 317-232-9867.