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FISCAL IMPACT STATEMENT

LS 7133

BILL NUMBER: SB 348

NOTE PREPARED: Dec 30, 2006

BILL AMENDED:

SUBJECT: Renewable Energy Resources.

FIRST AUTHOR: Sen. Tallian

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires an electricity supplier to: (1) supply a certain percentage of its total electricity supply from renewable energy resources; and (2) include certain information concerning renewable energy resources in customers' bills. This bill also establishes the Renewable Energy Resources Fund. It also requires an electricity supplier that fails to supply electricity from renewable energy resources to pay a penalty. It deposits the penalties in the Fund.

Effective Date: July 1, 2007.

Explanation of State Expenditures: This bill will increase administrative costs to the Utility Regulatory Commission (IURC). The bill requires the IURC to monitor compliance with the standards in the bill for electricity suppliers' use of renewable energy resources. The bill also requires the IURC to publish compliance results on the IURC's website, adopt rules to implement the provisions of the bill, and submit a report to the Legislative Council, not later than April 1, 2012, concerning industry compliance. It is anticipated that the IURC can implement the provisions of this bill through the use of existing staff and resources.

The Economic Development Corporation (IEDC) is required to administer the Renewable Energy Resources Fund (RERF) established in the bill. The bill states that the IEDC can use the money in the fund to pay for the expenses of administering the fund.

Explanation of State Revenues: This bill creates the Renewable Energy Resources Fund for the purpose of supporting the development, construction, and utilization of renewable energy resources in Indiana. The bill requires that all penalties imposed on electricity suppliers for noncompliance with the renewable energy

standards shall be deposited in the fund.

The bill requires that each electricity supplier supply electricity generated by renewable energy resources to Indiana customers as a percentage of the total electricity supplied by the electricity supplier to Indiana customers as follows:

- (1) In 2009, at least 2%.
- (2) In 2010, at least 3%.
- (3) In 2011, at least 4%.
- (4) In 2012, at least 5%.
- (5) In 2013, at least 6%.
- (6) In 2014, at least 7%.
- (7) In 2015, at least 8%.
- (8) In 2016, at least 9%.
- (9) In 2017 and thereafter, at least 10%.

The measurement for these percentages is megawatt hours.

The IURC estimates that less than 1% of all electricity supplied to Indiana customers is generated by renewable energy resources.

The bill further requires that a certain percentage of the renewable energy resources supplied must come from solar cells and panels. This bill also requires that ALL of the renewable energy resources must be generated in an Indiana facility, or an area adjacent to Indiana which is designated a serious or severe ozone nonattainment area by the U.S. Environmental Protection Agency.

The bill states that if an electricity supplier does not meet these standards, the supplier must pay a penalty equal to the number of megawatt hours that failed to comply multiplied by \$50. The IURC can waive these requirements for an electricity supplier if the IURC determines that:

- (1) renewable energy resources were not available in sufficient quantities to allow compliance; or
- (2) the cost of renewable energy resources exceeds 500% of the average cost of fuel used by the electricity supplier to generate electricity during the immediately preceding calendar year.

If the IURC makes this determination at a public hearing as required by the bill, the IURC must reduce the suppliers' compliance standards accordingly.

As used in the bill, "electricity supplier" means a public utility, a local district rural electric membership corporation, or a municipally owned electric utility which furnishes retail electric service to the public.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Utility Regulatory Commission; Indiana Economic Development Corporation.

Local Agencies Affected: Municipally owned electric utilities.

Information Sources:

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