Reprinted
January 29, 2008

SENATE BILL No. 224

DIGEST OF SB 224 (Updated January 28, 2008 5:46 pm - DI 84)

Citations Affected: IC 8-1.

Synopsis: Various utility matters. Amends the definition of "clean coal technology" in various statutes. Defines the term as a technology used at an electric or steam generating facility to reduce or avoid specified airborne emissions that are regulated, or found by the utility regulatory commission (IURC) to be reasonably certain to be regulated, by the federal government, the state, or a political subdivision of the state. Allows an existing electric generating facility to petition the IURC for approval of an airborne emissions project. Requires the IURC to: (1) approve the project if the IURC finds, after notice and hearing, the project to be reasonable and necessary; and (2) provide certain financial incentives for the project. Requires the IURC to provide certain financial incentives to electricity suppliers for implementing electric line facilities projects. Requires certain electricity suppliers to supply specified percentages of their total electricity supply from advanced energy resources or renewable energy resources by specified dates. Establishes the advanced and renewable energy resources fund. Requires an electricity supplier that fails to supply electricity from advanced or renewable energy resources to pay a penalty. Provides that the penalties are deposited in the fund.

Effective: July 1, 2008.

Hershman, Mishler

January 8, 2008, read first time and referred to Committee on Utilities & Regulatory Affairs.
January 24, 2008, amended, reported favorably — Do Pass.
January 28, 2008, read second time, amended, ordered engrossed.

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Reprinted
January 29, 2008

Second Regular Session 115th General Assembly (2008)

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 2007 Regular Session of the General Assembly.

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SENATE BILL No. 224

A BILL FOR AN ACT to amend the Indiana Code concerning utilities and transportation.

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

SECTION 1. IC 8-1-2-6.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 6.1. **(a) As used in this section, "airborne emissions" means air emissions of greenhouse gases, sulfur, mercury, nitrogen based pollutants, or particulate matter that are:**

(1) emitted from an electric or steam generating facility;

(2) associated with the combustion or use of coal or natural gas; and

(3) regulated, or found by the commission to be reasonably certain to be regulated, by:

(A) the federal government;

(B) the state;

(C) a political subdivision of the state; or

(D) any agency of a unit of government described in clauses (A) through (C).

~~(a)~~ **(b)** As used in this section, "clean coal technology" means a technology (including precombustion treatment of coal):

(1) that is used at a new or existing electric **or steam** generating facility and directly or indirectly reduces **or avoids** airborne emissions; ~~of sulfur or nitrogen based pollutants associated with the combustion or use of coal;~~ and

(2) that either:

(A) is not in general commercial use at the same or greater scale in new or existing facilities in the United States as of January 1, 1989; or

(B) has been selected by the United States Department of Energy for funding under its Innovative Clean Coal Technology program and is finally approved for such funding on or after January 1, 1989.

~~(b)~~ **(c)** As used in this section, "Indiana coal" means coal from a mine whose coal deposits are located in the ground wholly or partially in Indiana regardless of the location of the mine's tipple.

~~(c)~~ **(d)** Except as provided in subsection ~~(d),~~ **(e),** the commission shall allow a utility to recover as operating expenses those expenses associated with:

(1) research and development designed to increase use of Indiana coal; and

(2) preconstruction costs (including design and engineering costs) associated with employing clean coal technology at a new or existing coal burning electric **or steam** generating facility if the commission finds that the facility:

(A) utilizes and will continue to utilize (as its primary fuel source) Indiana coal; or

(B) is justified, because of economic considerations or governmental requirements, in utilizing non-Indiana coal;

after the technology is in place.

~~(d)~~ **(e)** The commission may only allow a utility to recover preconstruction costs as operating expenses on a particular project if the commission awarded a certificate under IC 8-1-8.7 for that project.

~~(e)~~ **(f)** The commission shall establish guidelines for determining recoverable expenses.

SECTION 2. IC 8-1-2-6.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 6.6. (a) As used in this section:

"Clean coal technology" means a technology (including precombustion treatment of coal):

(1) that is used at a new or existing electric **or steam** generating facility and directly or indirectly reduces **or avoids** airborne emissions ~~of sulfur or nitrogen based pollutants associated with~~

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~~combustion or use of coal;~~ **(as defined in section 6.1(a) of this chapter);** and

(2) that either:

(A) is not in general commercial use at the same or greater scale in new or existing facilities in the United States as of January 1, 1989; or

(B) has been selected by the United States Department of Energy for funding under its Innovative Clean Coal Technology program and is finally approved for such funding on or after January 1, 1989.

"Indiana coal" means coal from a mine whose coal deposits are located in the ground wholly or partially in Indiana regardless of the location of the mine's tipple.

"Qualified pollution control property" means an air pollution control device on a coal burning electric **or steam** generating facility or any equipment that constitutes clean coal technology that has been approved for use by the commission, that meets applicable state or federal requirements, and that is designed to accommodate the burning of coal from the geological formation known as the Illinois Basin.

"Utility" refers to any electric **or steam** generating utility allowed by law to earn a return on its investment.

(b) Upon the request of a utility that began construction after October 1, 1985, and before March 31, 2002, of qualified pollution control property that is to be used and useful for the public convenience, the commission shall for ratemaking purposes add to the value of that utility's property the value of the qualified pollution control property under construction, but only if at the time of the application and thereafter:

(1) the facility burns only Indiana coal as its primary fuel source once the air pollution control device is fully operational; or

(2) the utility can prove to the commission that the utility is justified because of economic considerations or governmental requirements in utilizing some non-Indiana coal.

(c) The commission shall adopt rules under IC 4-22-2 to implement this section.

SECTION 3. IC 8-1-2-6.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 6.7. (a) As used in this section, "clean coal technology" means a technology (including precombustion treatment of coal):

(1) that is used in a new or existing electric **or stream** generating facility and directly or indirectly reduces **or avoids** airborne emissions ~~of sulfur or nitrogen based pollutants associated with~~

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~~the combustion or use of coal;~~ **(as defined in section 6.1(a) of this chapter);** and

(2) that either:

(A) is not in general commercial use at the same or greater scale in new or existing facilities in the United States as of January 1, 1989; or

(B) has been selected by the United States Department of Energy for funding under its Innovative Clean Coal Technology program and is finally approved for such funding on or after January 1, 1989.

(b) The commission shall allow a public or municipally owned electric utility that incorporates clean coal technology to depreciate that technology over a period of not less than ten (10) years or the useful economic life of the technology, whichever is less and not more than twenty (20) years if it finds that the facility where the clean coal technology is employed:

(1) utilizes and will continue to utilize (as its primary fuel source) Indiana coal; or

(2) is justified, because of economic considerations or governmental requirements, in utilizing non-Indiana coal;

after the technology is in place.

SECTION 4. IC 8-1-2-6.8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 6.8. (a) This section applies to a utility that begins construction of qualified pollution control property after March 31, 2002.

(b) As used in this section, "clean coal technology" means a technology (including precombustion treatment of coal):

(1) that is used in a new or existing energy **or steam** generating facility and directly or indirectly reduces airborne emissions ~~of sulfur, mercury, or nitrogen oxides or other regulated air emissions associated with the combustion or use of coal;~~ **(as defined in section 6.1(a) of this chapter);** and

(2) that either:

(A) was not in general commercial use at the same or greater scale in new or existing facilities in the United States at the time of enactment of the federal Clean Air Act Amendments of 1990 (P.L.101-549); or

(B) has been selected by the United States Department of Energy for funding under its Innovative Clean Coal Technology program and is finally approved for such funding on or after the date of enactment of the federal Clean Air Act Amendments of 1990 (P.L.101-549).

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(c) As used in this section, "qualified pollution control property" means an air pollution control device on a coal burning energy **or steam** generating facility or any equipment that constitutes clean coal technology that has been approved for use by the commission and that meets applicable state or federal requirements.

(d) As used in this section, "utility" refers to any energy **or steam** generating utility allowed by law to earn a return on its investment.

(e) Upon the request of a utility that begins construction after March 31, 2002, of qualified pollution control property that is to be used and useful for the public convenience, the commission shall for ratemaking purposes add to the value of that utility's property the value of the qualified pollution control property under construction.

(f) The commission shall adopt rules under IC 4-22-2 to implement this section.

SECTION 5. IC 8-1-2-6.9 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 6.9. (a) As used in this section, "airborne emissions" has the meaning set forth in section 6.1(a) of this chapter.**

(b) As used in this section, "airborne emissions project" means a project designed to reduce or avoid airborne emissions or improve efficiency from an existing electric generating facility. The term includes offset programs, such as agricultural and forestry activities that reduce the level of greenhouse gases in the atmosphere.

(c) As used in this section, "existing electric generating facility" means a facility that:

(1) is used to generate electricity or steam;

(2) is associated with the combustion or use of coal or natural gas; and

(3) either:

(A) commenced commercial operation; or

(B) was certified by the commission under IC 8-1-8.5-2;

before July 1, 2008.

(d) An energy utility (as defined in IC 8-1-2.5-2) may petition the commission for approval of the construction, installation, and operation or an airborne emissions project. If the commission finds, after notice and hearing, the proposed airborne emissions project to be reasonable and necessary, the commission shall approve the project and provide the following incentives:

(1) The timely recovery of costs associated with the airborne emissions project, including capital, operating, maintenance, depreciation, tax, research and development, and financing

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costs incurred during the construction and operation of the airborne emissions project.

(2) The recovery of costs associated with:

(A) the purchase of emissions allowances; or

(B) the payment of emissions taxes arising from compliance with air emissions regulations.

(e) In addition to the incentives described in subsection (d), the commission may provide any other financial incentives the commission considers appropriate.

SECTION 6. IC 8-1-8.4 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]:

Chapter 8.4. Electric Line Facilities Projects

Sec. 1. The general assembly finds that it is in the public interest for the state to encourage:

(1) investment in electric transmission and distribution infrastructure; and

(2) electricity suppliers' participation in a regional transmission organization;

to ensure a reliable and economic electricity supply to Indiana consumers.

Sec. 2. As used in this chapter, "commission" refers to the Indiana utility regulatory commission created by IC 8-1-1-2.

Sec. 3. As used in this chapter, "electric line facilities" means the following:

(1) Overhead or underground electric transmission lines and related equipment.

(2) Overhead or underground electric distribution lines and related equipment.

(3) Electric substations and related equipment, including transformers, circuit breakers, and protection equipment.

Sec. 4. As used in this chapter, "electric line facilities project" means the construction, operation, maintenance, reconstruction, relocation, addition to, upgrading of, or removal of electric line facilities.

Sec. 5. As used in this chapter, "electricity supplier" means a public utility that furnishes retail electric service to the public.

Sec. 6. As used in this chapter, "public utility" has the meaning set forth in IC 8-1-2-1.

Sec. 7. As used in this chapter, "regional transmission organization" refers to the regional transmission organization approved by the Federal Energy Regulatory Commission for the

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control area in which an electricity supplier owns electric line facilities.

Sec. 8. The commission shall encourage electric line facilities projects and participation in regional transmission organizations by creating the following financial incentives that the commission finds to be reasonable and necessary:

(1) The timely recovery, by means of a periodic rate adjustment mechanism, of costs incurred by an electricity supplier taking service under a tariff of, or being assessed costs by, a regional transmission organization.

(2) The timely recovery, by means of a periodic rate adjustment mechanism, of costs incurred by an electricity supplier for an electric line facilities project.

(3) Other financial incentives the commission considers appropriate.

Sec. 9. (a) An electricity supplier that seeks to receive one (1) or more financial incentives created under section 8 of this chapter must submit an application to the commission.

(b) Upon receipt of an application under subsection (a), the commission shall review the application for completeness. The commission may request additional information from an applicant as needed.

(c) The commission shall, after notice and hearing, issue a determination of an electricity supplier's eligibility for the financial incentives described in section 8 of this chapter not later than one hundred eighty (180) days after the date of the application.

(d) The commission shall approve an electricity supplier's application under this section if the electricity supplier's electric line facilities project is reasonable and necessary. An electric line facilities project is presumed to be reasonable and necessary if the electric line facilities project is consistent with, or part of, a plan developed by the regional transmission organization.

SECTION 7. IC 8-1-8.7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 1. As used in this chapter, "clean coal technology" means a technology (including precombustion treatment of coal):

(1) that is used in a new or existing electric **or steam** generating facility and directly or indirectly reduces **or avoids** airborne emissions ~~of sulfur or nitrogen based pollutants associated with the combustion or use of coal,~~ **(as defined in IC 8-1-2-6.1(a));** and

(2) that either:

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(A) is not in general commercial use at the same or greater scale in new or existing facilities in the United States as of January 1, 1989; or

(B) has been selected by the United States Department of Energy for funding under its Innovative Clean Coal Technology program and is finally approved for such funding on or after January 1, 1989.

SECTION 8. IC 8-1-8.7-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 3. (a) Except as provided in subsection (c), a public utility may not use clean coal technology at a new or existing electric generating facility without first applying for and obtaining from the commission a certificate that states that public convenience and necessity will be served by the use of clean coal technology.

(b) The commission shall issue a certificate of public convenience and necessity under subsection (a) if the commission finds that a clean coal technology project offers substantial potential of reducing **or avoiding** ~~sulfur or nitrogen based pollutants~~ **airborne emissions (as defined in IC 8-1-2-6.1(a))** in a more efficient manner than conventional technologies in general use as of January 1, 1989. For purposes of this chapter, a project that the United States Department of Energy has selected for funding under its Innovative Clean Coal Technology program and is finally approved for funding after December 31, 1988, is not considered a conventional technology in general use as of January 1, 1989. When determining whether to grant a certificate under this section, the commission shall examine the following factors:

(1) The costs for constructing, implementing, and using clean coal technology compared to the costs for conventional emission reduction facilities.

(2) Whether a clean coal technology project will also extend the useful life of an existing electric generating facility and the value of that extension.

(3) The potential reduction of ~~sulfur and nitrogen based pollutants~~ **airborne emissions (as defined in IC 8-1-2-6.1(a))** achieved by the proposed clean coal technology system.

(4) The reduction of ~~sulfur nitrogen based pollutants~~ **airborne emissions (as defined in IC 8-1-2-6.1(a))** that can be achieved by conventional pollution control equipment.

(5) Federal ~~sulfur and nitrogen based~~ pollutant emission standards.

(6) The likelihood of success of the proposed project.

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(7) The cost and feasibility of the retirement of an existing electric generating facility.

(8) The dispatching priority for the facility utilizing clean coal technology, considering direct fuel costs, revenues and expenses of the utility, and environmental factors associated with byproducts resulting from the utilization of the clean coal technology.

(9) Any other factors the commission considers relevant, including whether the construction, implementation, and use of clean coal technology is in the public's interest.

(c) A public utility is not required to obtain a certificate under this chapter for a clean coal technology project that constitutes a research and development project that may be expensed under IC 8-1-2-6.1.

SECTION 9. IC 8-1-8.8-3, AS AMENDED BY P.L.175-2007, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 3. As used in this chapter, "clean coal technology" means a technology (including precombustion treatment of coal):

(1) that is used in a new or existing energy production or generating facility and directly or indirectly reduces or avoids airborne emissions ~~of sulfur, mercury, or nitrogen oxides or other regulated air emissions associated with the combustion or use of coal,~~ **(as defined in IC 8-1-2-6.1(a));** and

(2) that either:

(A) was not in general commercial use at the same or greater scale in new or existing facilities in the United States at the time of enactment of the federal Clean Air Act Amendments of 1990 (P.L.101-549); or

(B) has been selected by the United States Department of Energy for funding or loan guaranty under an Innovative Clean Coal Technology or loan guaranty program under the Energy Policy Act of 2005, or any successor program, and is finally approved for such funding or loan guaranty on or after the date of enactment of the federal Clean Air Act Amendments of 1990 (P.L.101-549).

SECTION 10. IC 8-1-37 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]:

Chapter 37. Renewable Energy Development

Sec. 1. The general assembly finds that it is in the public interest for the state to promote the development and use of renewable energy resources and advanced energy resources in Indiana in order to:

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(1) diversify the resources used to reliably meet the energy needs of Indiana citizens;

(2) encourage private investment in renewable energy resources and advanced energy resources in Indiana;

(3) reduce greenhouse gas and other air emissions; and

(4) promote other environmentally sound and sustainable practices by electricity suppliers.

Sec. 2. (a) As used in this chapter, "advanced energy resources" includes the following sources and programs for the production or conservation of electricity:

(1) Combined heat and power systems that:

(A) use natural gas or renewable energy resources as feedstock; and

(B) achieve at least seventy percent (70%) overall efficiency.

(2) Demand side management or energy efficiency programs that:

(A) reduce electricity consumption; or

(B) implement load management or demand response technologies that shift customers' electric load from periods of higher demand to periods of lower demand.

(3) Waste coal.

(4) Clean coal and energy projects (as defined in IC 8-1-8.8-2).

(5) Other non carbon dioxide emitting or low carbon dioxide emitting electricity generating technologies, including integrated gasification combined cycle generation with the capability for carbon capture and sequestration through:

(A) storage; or

(B) enhanced oil recovery.

(b) The term includes transmission and distribution system extensions or upgrades necessary to accommodate the use of advanced energy resources.

(c) The term does not include energy from the incineration, burning, or heating of the following:

(1) Tires.

(2) Garbage.

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

(4) Industrial lunchroom or office waste.

(5) Construction or demolition debris.

(6) Feedstock that is municipal, food, plant, industrial, or animal waste from outside Indiana.

Sec. 3. As used in this chapter, "carbon offset" means the act of

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reducing or avoiding greenhouse gas emissions in one place through means:

(1) other than the production of electricity; and

(2) not related to the use of electricity;

in order to offset greenhouse gas emissions occurring at another place.

Sec. 4. As used in this chapter, "carbon offset equivalents" means the number of carbon offsets necessary to offset one (1) megawatt hour of electricity produced by a traditional coal fired power plant.

Sec. 5. (a) As used in this chapter, "electricity supplier" means a public utility (as defined in IC 8-1-2-1) that furnishes retail electric service to the public.

(b) The term does not include a utility that is:

(1) a municipally owned utility (as defined in IC 8-1-2-1(h));

(2) a corporation organized under IC 8-1-13; or

(3) a corporation organized under IC 23-17 that is an electric cooperative and that has at least one (1) member that is a corporation organized under IC 8-1-13.

Sec. 6. As used in this chapter, "fund" refers to the advanced and renewable energy resources fund established by section 11 of this chapter.

Sec. 7. As used in this chapter, "renewable energy credit", or "REC", means one (1) megawatt hour of electricity that:

(1) is:

(A) generated from a renewable energy resource described in section 8(a) of this chapter; or

(B) conserved through the use of an advanced energy resource described in section 2(a)(2) of this chapter;

(2) is quantifiable; and

(3) is possessed by not more than one (1) entity at a time.

Sec. 8. (a) As used in this chapter, "renewable energy resources" means alternative sources of renewable energy, including the following:

(1) Wind energy.

(2) Solar energy.

(3) Photovoltaic cells and panels.

(4) Dedicated crops grown for energy production and used as:

(A) the sole fuel; or

(B) part of a co-firing application;

in an energy generating facility.

(5) Organic waste biomass, including any of the following

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organic matter that is available on a renewable basis:

(A) Agricultural crops.

(B) Agricultural wastes and residues.

(C) Wood and wood wastes (other than treated or painted lumber) including the following:

(i) Wood residues.

(ii) Forest thinnings.

(iii) Mill residue wood.

(iv) Waste from construction and demolition.

(D) Animal wastes.

(E) Aquatic plants.

(6) Hydropower from existing dams.

(7) Fuel cells.

(8) Energy from waste to energy facilities that produce steam that is not used for the production of electricity.

(9) Methane systems that convert waste products, including animal, food, and plant waste, into electricity.

(10) Methane recovered from landfills or underground coal mines.

(11) Ocean current or wave energy.

(12) Any other sources that:

(A) are included in any applicable federal renewable resource portfolio standard; or

(B) become available through future developments in renewable energy technologies.

(b) The term includes transmission and distribution system extensions or upgrades necessary to accommodate the use of renewable energy resources.

(c) Except for a renewable energy resource described in subsection (a)(8), the term does not include energy from the incineration, burning, or heating of the following:

(1) Tires.

(2) Garbage.

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

(4) Industrial lunchroom or office waste.

(5) Feedstock that is municipal, food, plant, industrial, or animal waste from outside Indiana.

Sec. 9. (a) Subject to subsection (b), each electricity supplier shall supply electricity that is generated from, or otherwise qualifies as, a renewable energy resource or an advanced energy resource to Indiana retail customers as a percentage of the total electricity supplied by the electricity supplier to Indiana retail

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customers during a calendar year as follows:

(1) Not later than the calendar year ending December 31, 2012, at least two percent (2%) of the electricity supplier's Indiana retail sales for the calendar year ending December 31, 2011.

(2) Not later than the calendar year ending December 31, 2016, at least four percent (4%) of the electricity supplier's Indiana retail sales for the calendar year ending December 31, 2011.

(3) Not later than the calendar year ending December 31, 2020, and for all years thereafter, at least six percent (6%) of the electricity supplier's Indiana retail sales for the immediately preceding calendar year.

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

(b) An electricity supplier may not use an advanced energy resource to supply more than fifty percent (50%) of the electricity that the electricity supplier is required to supply under subsection (a).

(c) An electricity supplier may own or purchase RECs or carbon offset equivalents to comply with subsection (a).

(d) If an electricity supplier exceeds the applicable percentage under subsection (a) in a compliance year, the electricity supplier may carry forward the amount of electricity that:

(1) exceeds the applicable percentage under subsection (a); and

(2) is generated from, or otherwise qualifies as, a renewable energy resource or an advanced energy resource;

to comply with the requirement under subsection (a) for either or both of the two (2) immediately succeeding compliance years.

(e) An electricity supplier that fails to comply with subsection (a) shall deposit in the fund an amount equal to:

(1) the number of megawatt hours of electricity that the electricity supplier was required to but failed to supply under subsection (a); multiplied by

(2) twenty dollars ($20).

(f) An electricity supplier is not required to comply with subsection (a) if the commission determines that the electricity supplier has demonstrated that:

(1) advanced energy resources, renewable energy resources, RECs, or carbon offset equivalents are not available to the electricity supplier in sufficient quantities to allow the

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electricity supplier to comply with subsection (a); or

(2) the cost of compliance with subsection (a) using the advanced energy resources, renewable energy resources, RECs, or carbon offset equivalents available to the electricity supplier would result in an unreasonable increase in the basic rates and charges for electricity supplied to retail customers of the electricity supplier.

The commission shall conduct a public hearing to make a determination under this subsection.

(g) The commission shall allow an electricity supplier to recover, through a periodic rate adjustment mechanism, reasonable and necessary costs incurred in:

(1) constructing, operating, or maintaining facilities to comply with this chapter;

(2) generating electricity from, or purchasing electricity generated from, an advanced energy resource or renewable energy resource;

(3) purchasing RECs or carbon offset equivalents; or

(4) complying with any applicable federal renewable resource portfolio requirements.

Sec. 10. (a) The commission shall encourage electricity suppliers to meet or exceed the requirements set forth in section 9(a) of this chapter by:

(1) providing additional financial incentives for electricity suppliers to use advanced energy resources and renewable energy resources in their resource portfolios; and

(2) authorizing electricity suppliers to use alternative regulatory plans under IC 8-1-2.5.

(b) The financial incentives authorized by subsection (a) may include one (1) or more of the following:

(1) Enhanced returns on equity.

(2) Capitalization of and returns for program expenses.

(3) Incentives based on the sharing of achieved program savings.

(4) Incentives based on avoided costs resulting from achieved program results.

(c) The commission shall also encourage the research, development, and implementation of additional environmentally sound and sustainable projects and practices by electricity suppliers, including projects and practices that exceed applicable federal and state environmental requirements, by means of:

(1) timely cost recovery through periodic rate adjustment

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mechanisms;

(2) the authorization to use alternative regulatory plans under IC 8-1-2.5; and

(3) other financial incentives the commission considers appropriate;

if the commission determines that the projects or practices proposed by an electricity supplier are reasonable.

Sec. 11. (a) The advanced and renewable energy resources fund is established to:

(1) support the development, construction, and use of advanced energy resources and renewable energy resources, including small scale advanced energy resources and renewable energy resources, in rural and urban Indiana; and

(2) reimburse the Indiana economic development corporation and the commission for expenses incurred under section 12 of this chapter.

(b) The fund consists of the following:

(1) Money deposited under section 9(e) of this chapter.

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

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

(d) The expenses of administering the fund shall be paid from money in the fund.

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

(f) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 12. (a) This section applies if there is sufficient money in the fund established by section 11 of this chapter to reimburse the Indiana economic development corporation and the commission for expenses incurred under subsection (b).

(b) The Indiana economic development corporation, in consultation with the commission, shall develop a strategy to attract renewable energy manufacturing facilities, including wind turbine component manufacturers, to Indiana.

Sec. 13. Beginning in 2013, not later than April 30 of each year, an electricity supplier shall file with the commission a report of the electricity supplier's compliance with this chapter for the preceding calendar year, along with the estimated impact on the electricity supplier's revenues from residential, commercial, and

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industrial customers as a result of the electricity supplier's compliance with this chapter.

Sec. 14. The commission shall adopt rules under IC 4-22-2 to implement this chapter.

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COMMITTEE REPORT

Madam President: The Senate Committee on Utilities and Regulatory Affairs, to which was referred Senate Bill No. 224, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to SB 224 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 6, Nays 3.

SENATE MOTION

Madam President: I move that Senator Mishler be added as second author of Senate Bill 224.

HERSHMAN

SENATE MOTION

Madam President: I move that Senate Bill 224 be amended to read as follows:

Page 5, line 20, after "emissions" insert "**or improve efficiency**".

(Reference is to SB 224 as printed January 25, 2008.)

HERSHMAN

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