SENATE MOTION

MADAM PRESIDENT:

I move that Senate Bill 251 be amended to read as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 8-1-35 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 35. Renewable Energy Development

Sec. 1. 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. The term does not include a public utility that is:

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

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

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

Sec. 2. (a) As used in this chapter, "energy efficiency measures" means:

(1) the installation and use of a device; or

(2) the use of a method or project implemented by an electricity consumer;

that reduces electrical energy usage.

(b) The term includes the following:

(1) Home weatherization.

(2) Appliance efficiency modifications or replacements.

(3) Motor efficiency modifications or replacements.

(4) Lighting efficiency modifications.

(5) Heating or air conditioning modifications or replacements.

(6) Building designs with the purpose of achieving end use energy reductions.

(7) Improvements that:

(A) increase the efficiency of transmission and distribution

systems used to transmit electricity from the source to the end user; and

(B) reduce the loss of electricity during transmission.

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

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

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

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

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

(2) Methane recovered from landfills.

(3) Wind.

(4) Hydropower, other than hydropower involving the construction of new dams or the expansion of existing dams.

(5) Solar energy technologies, including:

(A) photovoltaic cells and panels; and

(B) solar thermal energy.

(6) Fuel cells that directly convert chemical energy in a hydrogen rich fuel into electricity.

(7) Combined heat and power systems that:

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

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

(C) are constructed after January 1, 2011.

(8) Energy efficiency measures installed after January 1, 2011, that reduce electrical energy usage.

(9) Geothermal hot water district heating systems.

(10) Electricity generated through net metering.

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

(1) Tires.

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

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

(4) Industrial lunchroom or office waste.

(5) Landscape waste.

(6) Construction or demolition debris.

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

Sec. 7. Each electricity supplier shall supply electricity generated or reduced 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) Not later than December 31, 2011, at least one percent (1%).

(2) Not later than December 31, 2012, at least two percent (2%).

(3) Not later than December 31, 2013, at least three percent (3%).

(4) Not later than December 31, 2014, at least four percent (4%).

(5) Not later than December 31, 2015, at least six percent (6%).

(6) Not later than December 31, 2016, at least seven percent (7%).

(7) Not later than December 31, 2017, at least eight percent (8%).

(8) Not later than December 31, 2018, at least nine percent (9%).

(9) Not later than December 31, 2019, at least ten percent (10%).

(10) Not later than December 31, 2020, at least twelve percent (12%).

(11) Not later than December 31, 2021, at least fourteen percent (14%).

(12) Not later than December 31, 2022, at least fifteen percent (15%).

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

Sec. 8. (a) An electricity supplier may use a renewable energy resource described in section 6(a)(7) of this chapter to generate not more than ten percent (10%) of the electricity that the electricity supplier is required to supply under section 7 of this chapter.

(b) An electricity supplier may use a renewable energy resource described in section 6(a)(8) of this chapter to generate not more than twenty-five percent (25%) of the electricity that the electricity supplier is required to supply under section 7 of this chapter.

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

(d) Not later than December 31, 2022, an electricity supplier shall use a renewable energy resource described in section 6(a)(5) of this chapter to generate at least one percent (1%) of the electricity that the electricity supplier is required to supply under section 7 of this chapter.

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

(f) An electricity supplier that is required, and fails, to comply with section 7 of this chapter shall deposit in the renewable energy resources fund established under section 11 of this chapter an amount equal to:

(1) the number of megawatt hours of electricity that the electricity supplier was required to but failed to supply under section 7 of this chapter; multiplied by

(2) fifty dollars ($50).

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

Sec. 9. (a) An electricity supplier is not required to comply with section 7 of this chapter if the commission determines that events beyond the reasonable control of the electricity supplier prevent it from meeting its renewable energy resources or REC requirements. For purposes of this section, "events beyond the reasonable control of the electricity supplier" include only the following:

(1) Weather related damage.

(2) Mechanical failure.

(3) Lack of transmission capacity or availability.

(4) Strikes or lockouts.

(5) Actions of a governmental authority that adversely affect the generation, transmission, or distribution of energy from renewable energy resources under contract to a purchaser.

(6) An emergency as found by the commission under IC 8-1-2-113.

The term does not include failure of the spot or short term market to supply an electricity supplier with the allocated number of RECs.

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

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

(1) reduce the affected electricity supplier's obligations under section 7 of this chapter as appropriate; and

(2) review its determination not more than six (6) months after the reduction under subdivision (1) takes effect.

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

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

(2) One (1) megawatt hour of electricity generated by a renewable energy resource described in section 6(a)(1) or

6(a)(5) of this chapter that originates in Indiana equals two (2) RECs.

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

(A) For the period beginning July 1, 2011, and ending December 31, 2013, one (1) REC.

(B) For the period beginning January 1, 2014, and ending December 31, 2017, five-tenths (0.5) REC.

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

(c) An REC calculated under this section shall be increased as follows:

(1) An REC that is:

(A) generated by a renewable energy resource other than a renewable energy resource described in section 6(a)(3) of this chapter; and

(B) available during periods of peak demand;

is increased by two-tenths (0.2) REC.

(2) An REC that is:

(A) generated during periods of nonpeak demand; and

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

is increased by two-tenths (0.2) REC.

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

(4) An REC that is generated in a facility constructed by Indiana workers, as determined by the commission, is increased by one-tenth (0.1) REC.

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

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

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

(3) Education and technical assistance projects that encourage businesses and industries to install energy efficient and renewable energy technologies.

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

(b) The fund consists of the following:

(1) Money deposited under section 8(f) 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 but may not exceed ten percent (10%) of the balance 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. Money in the fund is continuously appropriated for purposes of the fund.

Sec. 12. Not later than March 1, 2013, and each year thereafter, a utility shall file with the commission a report of the utility's compliance with this chapter for the preceding calendar year.

Sec. 13. (a) The commission shall allow an electricity supplier to recover the following costs under the schedule set forth in subsection (b):

(1) Reasonable and necessary costs incurred in:

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

(B) generating electricity from, or purchasing electricity generated from, a renewable energy resource;

by a periodic rate adjustment mechanism.

(2) Up to one million dollars ($1,000,000) each year for expenditures related to alternative or renewable energy research that is conducted in Indiana.

(b) The commission shall limit the total increase per customer account per billing cycle for costs recovered under subsection (a) as follows:

(1) For billing cycles between January 1, 2012, and December 31, 2014, two percent (2%) of a customer's overall electric bill.

(2) For billing cycles between January 1, 2015, and December 31, 2016, two and five-tenths percent (2.5%) of a customer's overall electric bill.

(3) For billing cycles between January 1, 2017, and December 31, 2018, three percent (3%) of a customer's overall electric bill.

(4) For billing cycles between January 1, 2019, and December 31, 2020, three and five-tenths percent (3.5%) of a customer's overall electric bill.

(5) For billing cycles beginning after December 31, 2020, four percent (4%) of a customer's overall electric bill.

Sec. 14. The commission shall adopt rules under IC 4-22-2 to implement this chapter, including rules to establish a program for the certification and trading of RECs to comply with section 7 of this chapter.

Sec. 15. Not later than April 1, 2016, the commission shall submit a report in an electronic format under IC 5-14-6 to the general assembly. A report submitted under this section must include:

(1) an analysis of; and

(2) any legislative proposals the commission believes would increase;

the effectiveness of and industry compliance with this chapter.

SECTION 2. **An emergency is declared for this act.**

(Reference is to SB 251 as printed February 14, 2011.)

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Senator BREAUX