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# SENATE BILL No. 390

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 8-1-8.8.

**Synopsis:** Nuclear energy facilities. Provides that projects involving the construction of nuclear energy production or generating facilities qualify for the financial incentives available for clean energy projects. (Current law provides that only projects involving the life cycle management of such facilities qualify for the incentives.) For purposes of the statute governing the incentives, amends the definition of: (1) "nuclear energy production or generating facility" to include a facility constructed in Indiana after June 30, 2013; and (2) "qualified utility system expenses" to specify that the term includes preconstruction costs and applies to a new energy production or generating facility or a new nuclear energy production or generating facility. Requires the state utility forecasting group to include nuclear power in its annual study on clean energy resources.

**Effective:** July 1, 2013.

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### Boots

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January 10, 2013, read first time and referred to Committee on Utilities.

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First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

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## SENATE BILL No. 390



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

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

1 SECTION 1. IC 8-1-8.8-1, AS AMENDED BY P.L.150-2011,  
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2013]: Sec. 1. (a) The general assembly makes the following  
4 findings:  
5 (1) Growth of Indiana's population and economic base has created  
6 a need for new energy production or generating facilities in  
7 Indiana.  
8 (2) The development of a robust and diverse portfolio of energy  
9 production or generating capacity, including coal gasification and  
10 the use of renewable energy resources, is needed if Indiana is to  
11 continue to be successful in attracting new businesses and jobs.  
12 (3) Indiana has considerable natural resources that are currently  
13 underutilized and could support development of new energy  
14 production or generating facilities, including coal gasification  
15 facilities, at an affordable price.  
16 (4) Certain regions of the state, such as southern Indiana, could  
17 benefit greatly from new employment opportunities created by



1 development of new energy production or generating facilities  
 2 utilizing the plentiful supply of coal from the geological formation  
 3 known as the Illinois Basin.

4 (5) Technology can be deployed that allows high sulfur coal from  
 5 the geological formation known as the Illinois Basin to be burned  
 6 or gasified efficiently while meeting strict state and federal air  
 7 quality limitations. Specifically, the state should encourage the  
 8 use of advanced clean coal technology, such as coal gasification.

9 (6) It is in the public interest for the state to encourage the  
 10 construction of new energy production or generating facilities that  
 11 increase the in-state capacity to provide for current and  
 12 anticipated energy demand at a competitive price.

13 (7) It is in the public interest for the state to encourage the study,  
 14 analysis, development, **construction**, and life cycle management  
 15 of nuclear energy production or generating facilities, as well as  
 16 carbon dioxide capture, transportation, and storage facilities.

17 (b) The purpose of this chapter is to enhance Indiana's energy  
 18 security and reliability by ensuring all of the following:

19 (1) Indiana's and the region's energy production or generating  
 20 capacity continues to be adequate to provide for Indiana's current  
 21 and future energy needs, including the support of the state's  
 22 economic development efforts.

23 (2) The vast and underutilized coal resources of the Illinois Basin  
 24 are used as a fuel source for new energy production or generating  
 25 facilities.

26 (3) The electric transmission and gas transportation systems  
 27 within Indiana are upgraded to distribute additional amounts of  
 28 electricity and gas more efficiently.

29 (4) Jobs are created as new energy production or generating  
 30 facilities are built in regions throughout Indiana.

31 (5) The study, analysis, development, **construction**, and life cycle  
 32 management of nuclear energy production or generating facilities  
 33 are encouraged at the same time as are new coal fired and other  
 34 fossil fuel based energy production or generating facilities.

35 SECTION 2. IC 8-1-8.8-2, AS AMENDED BY P.L.150-2011,  
 36 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 37 JULY 1, 2013]: Sec. 2. As used in this chapter, "clean energy projects"  
 38 means any of the following:

39 (1) Any of the following projects:

40 (A) Projects at new energy production or generating facilities  
 41 that employ the use of clean coal technology and that produce  
 42 energy, including substitute natural gas, primarily from coal,

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- 1 or gases derived from coal, from the geological formation
- 2 known as the Illinois Basin.
- 3 (B) Projects to provide advanced technologies that reduce
- 4 regulated air emissions from or increase the efficiency of
- 5 existing energy production or generating plants that are fueled
- 6 primarily by coal or gases from coal from the geological
- 7 formation known as the Illinois Basin, such as flue gas
- 8 desulfurization and selective catalytic reduction equipment.
- 9 (C) Projects to provide electric transmission facilities to serve
- 10 a new energy production or generating facility or a nuclear
- 11 energy production or generating facility.
- 12 (D) Projects that produce substitute natural gas from Indiana
- 13 coal by construction and operation of a coal gasification
- 14 facility.
- 15 (E) Projects or potential projects that enhance **or employ** the
- 16 safe and reliable use of nuclear energy production or
- 17 generating technologies to produce electricity.
- 18 (2) Projects to develop alternative energy sources, including
- 19 renewable energy projects or coal gasification facilities.
- 20 (3) The purchase of fuels or energy produced by a coal
- 21 gasification facility or by a nuclear energy production or
- 22 generating facility.
- 23 (4) Projects described in subdivisions (1) through (2) that use coal
- 24 bed methane.
- 25 SECTION 3. IC 8-1-8.8-8.5, AS ADDED BY P.L.150-2011,
- 26 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 27 JULY 1, 2013]: Sec. 8.5. (a) As used in this chapter, "nuclear energy
- 28 production or generating facility" means an energy production or
- 29 generation facility that:
- 30 (1) uses a nuclear reactor as its heat source to provide steam to a
- 31 turbine generator to produce or generate electricity;
- 32 (2) **either:**
- 33 (A) supplies electricity to Indiana retail customers on July 1,
- 34 2011, **and is undergoing a comprehensive life cycle**
- 35 **management project to enhance the safe and reliable**
- 36 **operation of the facility during the period the facility is**
- 37 **licensed to operate by the United States Nuclear**
- 38 **Regulatory Commission; or**
- 39 **(B) is constructed in Indiana after June 30, 2013; and**
- 40 (3) is dedicated primarily to serving Indiana customers. ~~and~~
- 41 (4) ~~is undergoing a comprehensive life cycle management project~~
- 42 ~~to enhance the safe and reliable operation of the facility during~~

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1           the period the facility is licensed to operate by the United States  
2           Nuclear Regulatory Commission.

3           (b) The term includes the transmission lines and other associated  
4 equipment employed specifically to serve a nuclear energy production  
5 or generating facility.

6           SECTION 4. IC 8-1-8.8-8.7, AS ADDED BY P.L.150-2011,  
7 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
8 JULY 1, 2013]: Sec. 8.7. (a) As used in this chapter, "qualified utility  
9 system expenses" means the costs, **including preconstruction costs**,  
10 associated with the study, analysis, or development of a:

11           **(1) new energy production or generating facility or a new**  
12 **nuclear energy production or generating facility; or**  
13           **(2) life cycle management project for a nuclear energy production**  
14 **or generating facility.**

15           **(b) The term includes siting, design, licensing, and permitting**  
16 **costs, regardless of whether the facility for which such costs are**  
17 **incurred is ultimately constructed or placed in service.**

18           SECTION 5. IC 8-1-8.8-14, AS AMENDED BY P.L.150-2011,  
19 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
20 JULY 1, 2013]: Sec. 14. The group shall conduct an annual study on  
21 the use, availability, and economics of using in Indiana the clean  
22 energy resources listed in IC 8-1-37-4(a)(1) through IC 8-1-37-4(a)(6)  
23 **and IC 8-1-37-4(a)(18)**. The commission may direct the group to study  
24 additional clean energy resources as the commission considers  
25 appropriate. Each year, the group shall submit a report on the study to  
26 the commission for inclusion in the commission's annual report to the  
27 regulatory flexibility committee described in IC 8-1-2.5-9 and  
28 IC 8-1-2.6-4. The commission shall direct the group concerning the  
29 appropriate level of detail for the report. The report must include  
30 suggestions from the group to encourage the development and use of  
31 clean energy resources and technologies appropriate for use in Indiana.

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