

## SENATE BILL No. 510

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-4-11.6.

**Synopsis:** Substitute natural gas contracts. Defines "guarantee of savings" with respect to retail end use customers of substitute natural gas (SNG). Amends the definition of "purchase contract". Defines "savings shortfall". Requires the Indiana finance authority (IFA) to submit a final purchase contract, including amendments, and any other agreements with a producer of SNG to the utility regulatory commission (IURC). Requires the IFA to determine on a three year cycle if retail end use customers are provided a guarantee of savings or a savings shortfall under a purchase contract. Requires the IFA to electronically submit its findings to the IURC. Requires the IURC to verify and approve the findings and, if there is a savings shortfall, order a producer of SNG to provide a refund.

**Effective:** Upon passage; March 24, 2009 (retroactive).

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January 14, 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. 510



A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

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

1 SECTION 1. IC 4-4-11.6-5.5 IS ADDED TO THE INDIANA  
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
3 [EFFECTIVE MARCH 24, 2009 (RETROACTIVE)]: **Sec. 5.5. As**  
4 **used in this chapter, a retail end use customer is provided a**  
5 **"guarantee of savings" if the purchase price of SNG under a final**  
6 **purchase contract is less than the average market price of natural**  
7 **gas over a three (3) year period determined by the authority under**  
8 **section 22.1 of this chapter.**

9 SECTION 2. IC 4-4-11.6-7, AS ADDED BY P.L.2-2009, SECTION  
10 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH  
11 24, 2009 (RETROACTIVE)]: Sec. 7. As used in this chapter, "purchase  
12 contract" means a contract that:

- 13 (1) is entered into **after March 23, 2009**, by the authority and a  
14 producer of SNG for the sale and purchase of SNG;
- 15 (2) has a thirty (30) year term;
- 16 (3) provides a guarantee of savings for retail end use customers;
- 17 **and**



1           **(4) grants regulated energy utilities the right to enforce the**  
 2           **contract as third party beneficiaries; and**

3           ~~(4)~~ **(5) contains other terms and conditions determined necessary**  
 4           **by the authority.**

5           SECTION 3. IC 4-4-11.6-10.5 IS ADDED TO THE INDIANA  
 6           CODE AS A NEW SECTION TO READ AS FOLLOWS  
 7           [EFFECTIVE MARCH 24, 2009 (RETROACTIVE)]: **Sec. 10.5. As**  
 8           **used in this chapter, a "savings shortfall" occurs if the purchase**  
 9           **price of SNG under a final purchase contract is greater than the**  
 10           **average market price of natural gas over a three (3) year period**  
 11           **determined by the authority under section 22.1 of this chapter.**

12           SECTION 4. IC 4-4-11.6-14, AS ADDED BY P.L.2-2009,  
 13           SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 14           MARCH 24, 2009 (RETROACTIVE)]: Sec. 14. (a) The authority,  
 15           either directly or as an assignee of an energy utility, may enter into  
 16           purchase contracts for the purchase of SNG from coal gasification  
 17           facilities.

18           (b) The authority shall submit a ~~final purchase contract the~~  
 19           **following** to the commission for approval:

20           **(1) A final purchase contract, including any amendments,**  
 21           **addenda, or other modifications made or added to the**  
 22           **contract at any time.**

23           **(2) Any other agreements entered into between the authority**  
 24           **and a producer of SNG.**

25           SECTION 5. IC 4-4-11.6-22.1 IS ADDED TO THE INDIANA  
 26           CODE AS A NEW SECTION TO READ AS FOLLOWS  
 27           [EFFECTIVE UPON PASSAGE]: **Sec. 22.1. (a) For purposes of this**  
 28           **section, "fiscal year" refers to the fiscal year of the authority.**

29           **(b) Not more than sixty (60) days after the close of the fiscal**  
 30           **year ending three (3) years after the fiscal year in which the**  
 31           **authority first sells SNG to retail end use customers under section**  
 32           **19 of this chapter, and not more than sixty (60) days after the close**  
 33           **of every third fiscal year thereafter, the authority shall determine**  
 34           **whether retail end use customers were provided a guarantee of**  
 35           **savings during the three (3) year period.**

36           **(c) If the authority determines that there was no guarantee of**  
 37           **savings during the three (3) year period, the authority shall**  
 38           **determine the amount of the savings shortfall for the three (3) year**  
 39           **period.**

40           **(d) The authority shall report its findings under subsections (b)**  
 41           **and (c) to the commission in an electronic format. After verifying**  
 42           **the accuracy and completeness of the report, the commission shall:**

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- 1           **(1) approve the findings; and**
- 2           **(2) order the producer to refund the amount of the savings**
- 3           **shortfall to the appropriate recipients in the manner provided**
- 4           **in the final purchase contract.**
- 5           **SECTION 6. An emergency is declared for this act.**

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