

**Senate Bill 251**  
**Voluntary Clean Energy Portfolio**  
**Standard Program**  
**A Legislative Overview**

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# **New Chapter 37 to Title 8**

## **Definitions**

## **Sections 1-9**

### **Section 1**

**“Base Year” Twelve months ending 12/31/10**

### **Section 3**

**“Clean Energy Credit”**

- A. One mwh of clean energy generated in the RTO control area of the participating electric supplier.**
- B. Is quantifiable.**
- C. Is not owned by more than one entity.**

# Section 4 – Clean Energy Resources

- (1) Energy from wind.
- (2) Solar energy.
- (3) Photovoltaic cells and panels.
- (4) Dedicated crops grown for energy production.
- (5) Organic waste biomass, including any of the following organic matter that is available on a renewable basis:

# Section 4

- (A) Agricultural crops.
- (B) Agricultural wastes and residues.
- (C) Wood and wood wastes, including the following:
  - (i) Wood residues.
  - (ii) Forest thinnings.
  - (iii) Mill residue.

# Section 4

- (D) Animal wastes.
- (E) Animal byproducts.
- (F) Aquatic plants.
- (G) Algae.

# Section 4

- (6) Hydropower.
- (7) Fuel cells.
- (8) Hydrogen.
- (9) Energy from waste to energy facilities, including energy derived from advanced solid waste conversion technologies.
- (10) Energy storage systems or technologies.

# Section 4

- (11) Geothermal energy.
- (12) Coal bed methane.
- (13) Industrial byproduct technologies that use fuel or energy that is a byproduct of an industrial process.
- (14) Waste heat recovery from capturing and reusing the waste heat in industrial processes for heating or for generating mechanical or electrical work.

# Section 4

- (15) A source, technology, or program approved by the commission and designated as a clean energy resource by a rule adopted by the commission under IC 4-22-2.
- (16) Demand side management or energy efficiency initiatives that:

# Section 4

- (A) reduce electricity consumption or
- (B) implement load management, demand response, or energy efficiency measures designed to shift customers' electric loads from periods of higher demand to periods of lower demand;

as a result of equipment installed, or customers enrolled, after January 1, 2010.

# Section 4

- (17) A clean energy project described in IC 8-1-8.8-2(1).
- (18) Nuclear energy.
- (19) Electricity that is:

# Section 4

- (A) generated by a customer owned distributed generation facility that is interconnected to the electricity supplier's distribution system in accordance with the commission's interconnection standards set forth in 170 IAC 4-4.3; and
- (B) supplied back to the electricity supplier for use in meeting the electricity supplier's electricity demand requirements in accordance with the commission's net metering rules set forth in 170 IAC 4-4.2. <sup>11</sup>

# Section 4

(20) Combined heat and power systems.

(21) Electricity that is generated from natural gas at a facility constructed in Indiana after July 1, 2011, which displaces electricity generation from an existing coal fired generation facility.

Does not include, except for No. 9 energy from incineration, burning or heating of tires, general household, commercial and industrial wastes, treated or painted lumber.

# Section 6

## “Electricity Supplier”

- Five investor-owned electric utilities.
- No municipals, REMCs or Co-ops.

# Section 10

Commission shall adopt rules to establish Indiana voluntary clean energy portfolio program.

- Program must be voluntary that provides incentives to participating utilities.

# Section 10

The rules adopted must

- Incorporate the CPS goals, methods for measuring compliance with the CPS goals and the financial incentives and periodic rate adjustment mechanism

# Section 10

The rules adopted must

- “require the commission to determine, before approving an application under section 11 of this chapter, that the approval of the application will not result in an increase to the retail rates and charges of the electricity supplier above what could reasonably be expected if the application were not approved”

# Section 10

The rules adopted must

- Take effect no later than 1/1/12.
- Be consistent with Chapter 37.

# Section 11 - Filing

- An electric utility that seeks to participate must apply to the Commission.
- The Commission shall approve the application if the Commission determines:

# Section 11

- A. The application is complete
- B. The utility has a “reasonable expectation” of obtaining clean energy equal to 10% of base year load by December 31, 2025
- C. “Approving the application will not result in an increase to the retail rates and charges of the electricity supplier above what could reasonably be expected if the application were not approved.”

# Section 12

## CPS Goals

Period I (1/1/13-12/31/18) 4%

Period II (1/1/19-12/31/24) 7%

Period III (1/1/25-12/31/25) 10%

# Section 12

- Fifty percent must originate from Indiana clean energy resources
- Clean energy must be purchased to serve Indiana retail load
- An electricity supplier is not required to obtain clean energy to meet a particular CPS goal if the Commission determines that the cost of clean energy resources available to the electricity supplier would result in an increase in the rates and charges of the electricity supplier that would not be just and reasonable.
- Can purchase CEC to meet GPS goals
- Can use clean energy resources 17-21 to meet no more than 30% of GPS goal.

# Section 13

## Incentives

### Equity Return Incentive

- Commission may establish an equity return incentive of up to 50 basis points whenever the utility attains a GPS goal.
- The return incentive may be different for each GPS period “as the commission determines is appropriate.”
- The return incentive may take into account clean energy resources 1-16.

# Section 13

## Incentives

### Equity Return Incentive

- No incentive if an incentive has been granted under clean coal statute.
- Authorized equity return cannot include previous equity return incentives.
- If the commission approves Section 11 application, in determining equity return incentive and the recovery of costs, the commission must consider:

# Section 13

- A. Sharing of achieved savings.
- B. Avoided costs as a result of DSM and EE.
- C. Recovery of lost revenues.
- D. Energy savings in response to commission rule.

# Section 13

## Incentives

### Periodic Rate Adjustment Mechanism

- Commission shall permit recovery of just, reasonable and necessary “program costs” associated with:

# Section 13

- A. Construction, operating or maintaining clean energy facility.
- B. Program costs include administrative costs, ancillary costs, capacity costs, costs associated with CECs, capital costs, etc.

# Section 13

## Incentives

### Periodic Rate Adjustment Mechanism

- Utility must file application with the commission.
- Commission must rule on application within 120 days of completeness.

# Section 14 – Reporting Requirements

- Commission Rulemaking