



February 28, 2014

**ENGROSSED
HOUSE BILL No. 1423**

DIGEST OF HB 1423 (Updated February 27, 2014 12:15 pm - DI 84)

Citations Affected: IC 8-1.

Synopsis: Allows the owner of a private generation project to sell excess electric output generated by the project to an electric utility. Provides that the electric utility may recover the purchase price through a fuel adjustment charge. Requires an electric utility to provide, upon request, back up, maintenance, and supplementary power to a private generation project.

Effective: July 1, 2014.

Koch, VanNatter, Battles, Hale

(SENATE SPONSORS — MERRITT, LEISING)

January 21, 2014, read first time and referred to Committee on Rules and Legislative Procedures. Reassigned to Committee on Utilities.

January 28, 2014, amended, reported — Do Pass.

January 30, 2014, read second time, ordered engrossed, engrossed.

February 3, 2014, read third time, passed. Yeas 95, nays 0.

SENATE ACTION

February 10, 2014, read first time and referred to Committee on Utilities.

February 27, 2014, reported favorably — Do Pass.

EH 1423—LS 6422/DI 44



February 28, 2014

Second Regular Session 118th General Assembly (2014)

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 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1423

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:

- 1 SECTION 1. IC 8-1-2.4-2 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 2. (a) The definitions
3 in this section apply throughout this chapter.
4 (b) "Alternate energy production facility" means:
5 (1) a solar, wind turbine, waste management, resource recovery,
6 refuse-derived fuel, or wood burning facility;
7 (2) any land, system, building, or improvement that is located at
8 the project site and is necessary or convenient to the construction,
9 completion, or operation of the facility; and
10 (3) the transmission or distribution facilities necessary to conduct
11 the energy produced by the facility to users located at or near the
12 project site.
13 (c) "Cogeneration facility" means:
14 (1) a facility that:
15 (A) simultaneously generates electricity and useful thermal
16 energy; and

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- 1 (B) meets the energy efficiency standards established for
 2 cogeneration facilities by the Federal Energy Regulatory
 3 Commission under 16 U.S.C. 824a-3;
 4 (2) any land, system, building, or improvement that is located at
 5 the project site and is necessary or convenient to the construction,
 6 completion, or operation of the facility; and
 7 (3) the transmission or distribution facilities necessary to conduct
 8 the energy produced by the facility to users located at or near the
 9 project site.
- 10 (d) "Electric utility" means any public utility or municipally owned
 11 utility that owns, operates, or manages any electric plant.
- 12 (e) "Small hydro facility" means:
 13 (1) a hydroelectric facility at a dam;
 14 (2) any land, system, building, or improvement that is located at
 15 the project site and is necessary or convenient to the construction,
 16 completion, or operation of the facility; and
 17 (3) the transmission or distribution facilities necessary to conduct
 18 the energy produced by the facility to users located at or near the
 19 project site.
- 20 (f) "Steam utility" means any public utility or municipally owned
 21 utility that owns, operates, or manages a steam plant.
- 22 **(g) "Private generation project" means a cogeneration facility**
 23 **that has an electric generating capacity of eighty (80) megawatts or**
 24 **more and is:**
 25 **(1) primarily used by its owner for the owner's industrial,**
 26 **commercial, heating, or cooling purposes; or**
 27 **(2) a qualifying facility for purposes of the Public Utility**
 28 **Regulatory Policies Act of 1978 that:**
 29 **(A) is in existence on July 1, 2014; and**
 30 **(B) produces electricity and useful thermal energy that is**
 31 **primarily used by a host operation for industrial,**
 32 **commercial, heating, or cooling purposes.**
- 33 SECTION 2. IC 8-1-2.4-3 IS AMENDED TO READ AS
 34 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 3. The commission
 35 shall encourage the participation of utilities in alternate energy
 36 production facilities, cogeneration facilities, ~~and~~ small hydro facilities,
 37 **and private generation projects.**
- 38 SECTION 3. IC 8-1-2.4-6 IS ADDED TO THE INDIANA CODE
 39 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 40 1, 2014]: **Sec. 6. (a) The owner of a private generation project may**
 41 **sell excess electric output generated by the private generation**
 42 **project to an electric utility as provided in subsection (b) to the**



1 extent the sale is consistent with applicable federal and state laws,
2 rules, and regulations.

3 (b) An electric utility may purchase excess output described in
4 subsection (a) from a private generation project that is located
5 entirely in the assigned service area of the electric utility. The
6 terms of the purchase must be consistent with the integrated
7 resource plan filed with the commission by the electric utility
8 under 170 IAC 4-7, including avoided energy and capacity costs
9 determined in the integrated resource plan.

10 (c) An electric utility is entitled to recover costs associated with
11 the purchase of energy and capacity under subsection (b) under
12 IC 8-1-2-42(d).

13 (d) An electric utility shall interconnect with a private
14 generation project upon request, subject to reasonable
15 considerations of safety, reliability, and financial assurance. The
16 interconnection of a private generation project with an electric
17 utility's distribution system is governed by 170 IAC 4-4.3. The
18 interconnection of a private generation project with an electric
19 utility's transmission system is governed by federal law and
20 regulation, including orders, regulations, and transmission tariffs
21 approved by the Federal Energy Regulatory Commission.

22 (e) Upon the request of the owner of a private generation
23 project, an electric utility shall provide the private generation
24 project with back up, maintenance, and supplementary power. The
25 electric utility shall charge rates that:

26 (1) are based on the electric utility's costs;

27 (2) do not discriminate against:

28 (A) the private generation project; or

29 (B) other customers of the electric utility with load
30 characteristics similar to the private generation project;
31 and

32 (3) do not create subsidies for:

33 (A) the private generation project; or

34 (B) retail customers of the electric utility.



COMMITTEE REPORT

Mr. Speaker: Your Committee on Utilities and Energy, to which was referred House Bill 1423, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

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

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 HB 1423 as introduced.)

KOCH, Chair

Committee Vote: yeas 8, nays 0.

COMMITTEE REPORT

Madam President: The Senate Committee on Utilities, to which was referred House Bill No. 1423, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is to HB 1423 as printed January 28, 2014.)

Committee Vote: Yeas 8, Nays 1

Senator Merritt, Chairperson

