

LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT

LS 6905

BILL NUMBER: HB 1276

NOTE PREPARED: Jan 4, 2026

BILL AMENDED:

SUBJECT: Competitive Electric Generation Service.

FIRST AUTHOR: Rep. Ledbetter

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Unbundling Electricity Service:* This bill provides that beginning: (1) July 1, 2028, for industrial customers; (2) January 1, 2029, for commercial customers; and (3) July 1, 2029, for residential customers; a customer of an electricity supplier may elect to receive competitive electric generation service directly from a retail electric provider. This bill requires an electricity supplier to do the following not later than June 30, 2028:

- (1) Unbundle the cost components of:
 - (A) electric generation services; and
 - (B) electric transmission and distribution services; in the electricity supplier's tariffs for all customer classes.
- (2) Functionally separate all:
 - (A) electric generation and supply services; and
 - (B) transmission and distribution services; within the electricity supplier's operations.
- (3) Divest the electricity supplier's generation assets not otherwise needed to provide default electric generation service to customers within the electricity supplier's service area after the implementation of competitive electric generation service.

IURC Regulation: This bill also provides that, except for the licensing requirements for retail electric providers set forth in the bill, competitive electric generation service is not subject to regulation by the Indiana Utility Regulatory Commission (IURC). It also provides that the IURC shall continue to regulate: (1) default electric generation service; and (2) transmission and distribution service; provided by an electricity supplier to customers within the electricity supplier's service area. The bill also provides that rates charged by electricity suppliers for default electric generation service must be: (1) based on market prices; and (2) subject to annual comparisons to regional averages for comparable service.

Electricity Stakeholder Meetings: The bill provides that not later than January 1, 2027, the IURC shall initiate a stakeholder proceeding to develop a customer education program to ensure that all retail electric customers have access to accurate information about the availability of, and options for, competitive electric generation service in advance of the applicable dates set forth in the bill by which competitive electric generation service must be available to specified customer classes. This bill also requires the IURC to establish, not later than

March 1, 2028, an online portal that enables customers to compare competitive electric generation service offered by retail electric providers.

Data Transfer: The bill requires the IURC to establish by rule requirements for an electricity supplier to provide to a retail electric provider historical usage data for a customer that seeks to receive competitive electric generation service from the retail electric provider.

Changing Electricity Service: It sets forth: (1) specified billing arrangements that must be offered to customers receiving competitive electric generation service; and (2) the dates by which each arrangement must be made available. The bill requires the IURC to issue a general administrative order to ensure that the following are available to customers not later than December 31, 2029: (1) An expedited process for residential customers to change retail electric providers. (2) A process that allows: (A) residential customers; or (B) small commercial or industrial customers; that move from one service location to another within their electricity supplier's service area to have their competitive electric generation service transferred directly to the new location.

Competitive Electric Generation Licensing: The bill requires the IURC to establish by rule a licensing process for retail electric providers that seek to provide competitive electric generation service to customers in Indiana. Sets forth certain requirements that a retail electric provider must meet as a condition of receiving and maintaining a license. The bill authorizes the IURC to initiate an investigation to consider, and establish guidelines for, the offering by retail electric providers of additional services or programs in conjunction with the provision of competitive electric generation service.

Beginning in 2029, this bill, requires the IURC to include each year in its annual report specified information concerning the provision of competitive electric generation service by retail electric providers. The bill requires the Legislative Services Agency to prepare legislation for introduction in the 2028 regular session of the General Assembly to make conforming amendments to: (1) Title 8 of the Indiana Code; and (2) other provisions outside of Title 8 of the Indiana Code; as necessary to implement the bill's provisions.

Effective Date: July 1, 2026.

Explanation of State Expenditures: IURC Regulation: This bill defines 'electricity suppliers' as existing investor owned, cooperative, and municipal electricity utilities that are under the IURC's jurisdiction for rate setting. It defines 'retail electricity providers' as a person that is licensed by the commission under this chapter to provide competitive electric generation service. The IURC will continue to regulate electricity suppliers, however, it will not set rates for retail electricity suppliers. The workload of the IURC may increase in comparing electricity suppliers' rates on a regional and annual basis.

Electricity Stakeholder Meetings: This bill increases the workload of the IURC to initiate stakeholder meetings to develop a customer education program to ensure that all retail electric customers have access to accurate information about the availability of, and options for, competitive electric generation service. It also increases the IURC's workload to create and maintaining an online platform where customers can compare retail electricity prices.

Data Transfer: The workload of the IURC will increase in creating rules for the transfer of data from electricity suppliers to retail electricity providers for customers who opt to use retail electricity providers.

Competitive Electric Generation Licensing: The bill requires that the IURC annually audits retail electricity

providers for their financial stability, compliance history, cyber security, and market practices and to direct the providers to take remediation actions if necessary. This workload will depend on the number of retail electricity providers that become licenced. The cost of the audits will be paid by the retail providers.

The IURC's workload will also increase in providing information on retail providers its annual report which include, but is not limited to, the total number of licenced providers, the number of their customers, and the amount of licencing fees collected.

Explanation of State Revenues: *Competitive Electric Generation Licensing:* The bill requires that each retail electricity provider must pay a \$10,000 licensing fee. The total amount of revenue collected in fees will depend on the number of individuals that seek to create a retail electricity company in Indiana.

Explanation of Local Expenditures: *Unbundling Electricity Service:* The workload of municipal electricity suppliers may increase in unbundling generation and transmission services in their billing and altering billing statements to clearly portray generation and transmission charges. The increased workload will depend on the sophistication of the billing technologies of individual municipal utilities.

Electricity Stakeholder Meetings: The workload of municipal utilities will increase in its partaking in the IURC initiated stakeholder meetings on the customer education program, and in potentially educating customers within their respective service areas.

Data Transfer: Municipal electricity utilities who have customers who intend to transfer to retail electricity service will have an increased workload in ensuring that they provide at least 24 months worth of usage data for each customer and other data required by the IURC.

Explanation of Local Revenues: *Unbundling Electricity Service:* This bill requires that electricity suppliers divest their generation assets not otherwise needed to provide default electric generation service to customers. Selling or transferring these assets may result in a one-time revenue for municipal electricity suppliers. However, it may also result in longer term loss in revenue if the assets were anticipated to provide service in the future.

Competitive Electric Generation Licensing: The establishment of a retail electricity scheme may result in customers switching from municipal electric service to retail electricity. This may result in a loss of customers for municipal electricity providers and thus a loss in revenue. The amount of revenue lost will depend on the customer class and number of customers that opt for retail electricity. [According to the EIA in 2024 there were 2.25 M investor-owned, 146,000 municipal, and 472,000 cooperative, residential customers in Indiana.]

State Agencies Affected: IURC

Local Agencies Affected: Municipal Electric Utilities

Information Sources: Energy Information Administration, Form 861

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