

SENATE BILL No. 196

DIGEST OF INTRODUCED BILL

Citations Affected: IC 8-1-42.5.

Synopsis: Community energy facilities. Requires the Indiana utility regulatory commission (commission) to adopt rules governing community energy facilities not later than July 1, 2028. Provides that, not later than 180 days after adoption of the rules, an electricity supplier shall begin: (1) allowing interconnection of the electricity supplier's facilities with community energy facilities with which at least three of the electricity supplier's customers have entered into a subscription; and (2) crediting the electricity supplier's subscribing customers for the amount of electricity from the community energy facility to which the customer subscribes. Requires the commission to: (1) establish an interconnection working group composed of representatives of electricity suppliers and other stakeholders with respect to electric utility service; and (2) implement the working group's recommendations regarding creation, revision, or elimination of policies, processes, tariffs, rules, or standards relating to the interconnection of community energy facilities and electricity suppliers as necessary for transparent, accurate, and efficient implementation of community energy facilities. Prohibits an investor owned utility from: (1) owning a community energy facility; or (2) offering incentive programs to community energy facilities.

Effective: July 1, 2026.

Walker G

January 6, 2026, read first time and referred to Committee on Utilities.



Second Regular Session of the 124th General Assembly (2026)

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 2025 Regular Session of the General Assembly.

SENATE BILL No. 196

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 8-1-42.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2026]:

4 **Chapter 42.5. Community Energy Facilities**

5 **Sec. 1. The definitions in IC 8-1-40 apply throughout this**
6 **chapter.**

7 **Sec. 2. As used in this chapter, "community energy facility"**
8 **means a facility:**

- 9 (1) that generates electricity;
10 (2) that is located on a single parcel of land;
11 (3) that is interconnected to the electric distribution grid;
12 (4) to which at least three (3) persons located in the electricity
13 supplier service area in which the facility is located have
14 entered into a subscription;
15 (5) in which at least sixty percent (60%) of the generating
16 capacity is allocated to subscriptions of twenty-five (25)
17 kilowatts or less; and



(6) that is designed to offset the energy use of a specified set of subscribers, with no single subscriber having more than a twenty percent (20%) interest in the facility.

Sec. 3. (a) As used in this chapter, "community energy facility organization" means an organization whose purpose is to beneficially own and operate a community energy facility for the subscribers to the community energy facility.

(b) A community energy facility organization may be a for-profit, nonprofit, cooperative, or governmental entity authorized by Indiana law.

Sec. 4. As used in this chapter, "disadvantaged business enterprise" has the meaning set forth in IC 5-16-6.5-1.

Sec. 5. As used in this chapter, "low or moderate income" means an individual or household income of not more than eighty percent (80%) of the area median income based on United States Department of Housing and Urban Development guidelines.

Sec. 6. As used in this chapter, "nameplate capacity" has the meaning set forth in 170 IAC 4-4.2-1.

Sec. 7. As used in this chapter, "subscribing customer" means a retail customer of an electricity supplier that enters into one (1) or more subscriptions with one (1) or more community energy facilities.

Sec. 8. As used in this chapter, "subscription" means a contract between a subscriber and a community energy facility organization.

Sec. 9. Not later than one hundred eighty (180) days after the commission adopts rules under section 14 of this chapter, an electricity supplier shall begin:

(1) allowing interconnection with the electricity supplier's facilities by community energy facilities; and

(2) providing bill credits under section 10 of this chapter to subscribing customers of the electricity supplier.

Sec. 10. (a) A community energy facility organization that operates a community energy facility that is interconnected with the facilities of an electricity supplier shall, not later than the fifteenth day of each month, transmit to the electricity supplier a report providing the following information:

(1) An updated list of subscribers to the community energy facility in the immediately preceding month.

(2) The proportional output of the community energy facility attributable to the subscription of each subscriber identified under subdivision (1), calculated as follows:



(A) If the subscriber subscribed to receive a specified amount of electricity from the community energy facility during the immediately preceding month, the subscriber's subscription amount is the amount of electricity the subscriber subscribed to receive from the community energy facility during the immediately preceding month.

(B) If the subscriber subscribed to receive a specified proportion of the community energy facility's generated electricity in the immediately preceding month, the subscriber's subscription amount equals:

(i) the proportion of the community energy facility's generated electricity the subscriber subscribed to receive in the immediately preceding month; multiplied by

(ii) the total amount of electricity generated by the community energy facility in the immediately preceding month.

(b) An electricity supplier shall provide to a subscribing customer a credit on the subscribing customer's electricity bill for a billing cycle that is equal to:

(1) the total subscription amount reported for the subscribing customer by the community energy facility organization under subsection (a)(2) for the billing cycle; multiplied by

(2) the applicable community energy credit rate established by the commission in rules adopted by the commission under section 14 of this chapter.

If the amount of a bill credit provided to a subscribing customer for a billing cycle exceeds the amount of the subscribing customer's bill for that billing cycle, the electricity supplier shall carry over the amount of the excess in subsequent billing cycles until the full amount of the excess has been credited to the subscribing customer.

(c) An electricity supplier shall, not later than the fifteenth day of each month, electronically report the following information to a community energy facility organization that operates a community energy facility that is interconnected with the electricity supplier's facilities:

(1) The proportional output of the community energy facility attributable to the subscription of each subscriber to the community energy facility.

(2) The bill credit provided to each subscribing customer under subsection (b) for the immediately preceding billing cycle.



(3) The applicable community energy credit rate established by the commission in rules adopted by the commission under section 14 of this chapter.

(d) An electricity supplier shall provide bill credits under this section to a subscribing customer for the life of the community energy facility to which the customer subscribes.

Sec. 11. An electricity supplier may not change the terms of service of a subscribing customer on the basis of the subscribing customer's subscription to a community energy facility.

Sec. 12. All environmental attributes of a community energy facility, including renewable energy certificates, are property of the owner of the community energy facility.

Sec. 13. A community energy facility is eligible for any incentive programs offered to such facilities under applicable state or federal law.

Sec. 14. (a) Not later than July 1, 2027, the commission shall adopt rules under IC 4-22-2 necessary for the administration of this chapter.

(b) The rules adopted by the commission under this section must:

(1) be consistent with the state policy expressed in IC 8-1-2-0.6;

(2) establish the community energy credit rate or rates to be used for purposes of section 10 of this chapter, which must be calculated to:

(A) allow for all classes of retail electric customers to realize tangible economic benefits from subscribing to community energy facilities; and

(B) create a viable financial market for community energy development;

(3) establish uniform fees, standards, and processes for interconnection that:

(A) are nondiscriminatory and not unreasonably burdensome for operators of community energy facilities; and

(B) allow an electricity supplier to recover reasonable costs of interconnecting the electricity supplier's facilities with a community energy facility;

(4) provide for recovery by an electricity supplier of reasonable administrative costs associated with the electricity supplier's provision of bill credits to the electricity supplier's subscribing customers under section 10 of this chapter;



(5) include mechanisms to ensure that low or moderate income households are able to realize tangible economic benefits from subscribing to community energy facilities;

(6) provide for:

(A) transferability of a subscription; and

(B) portability of a subscription such that the bill credit of a subscribing customer under section 10 of this chapter is not affected by the subscribing customer's relocation within the service area of the electricity supplier;

(7) address whether, and the conditions under which, multiple community energy facilities may be colocated on a single parcel;

(8) provide that a:

(A) community energy facility located on:

(i) a brownfield;

(ii) a reclaimed mine land;

(iii) a commercial rooftop;

(iv) a parking lot; or

(v) any other already developed land;

may not have a nameplate capacity greater than twenty

(20) megawatts AC; and

(B) community energy facility located on:

(i) farmland; or

(ii) other undeveloped land;

may not have a nameplate capacity greater than five (5) megawatts AC;

(9) require a community energy facility organization to submit an annual report to the commission, in a form determined by the commission, that:

(A) identifies the owner, manager, and operator of the community energy facility organization;

(B) provides statistical results regarding the community energy facility organization; and

(C) describes the community energy facility organization's future plans for each community energy facility operated by the community energy facility organization;

(10) require implementation by community energy facility organizations of local hiring preferences for disadvantaged business enterprises in a manner that meets or exceeds standards for disadvantaged business enterprise engagement in United States Department of Transportation Special Experimental Project No. 14 (SEP-14) for Federal Highway



Administration and Federal Transit Administration contracts; and

(11) establish consumer protection standards with regard to subscriptions to community energy facilities.

(c) In addition to rules adopted under subsection (b), the commission may adopt any other rules the commission considers appropriate or necessary for the administration of this chapter, including rules regarding the following:

(1) The maximum proportion that the total nameplate capacity of all community energy facilities statewide may bear to statewide peak electricity demand, expressed as a percentage of the statewide peak electricity demand.

(2) A minimum or maximum proportion of the total nameplate capacity of a community energy facility that may be allocated to a specified customer class of electricity supplier.

Sec. 15. Notwithstanding any other law:

(1) a community energy facility organization is not a public utility subject to IC 8-1-2 solely as a result of the community energy facility organization's ownership or operation of a community energy facility; and

(2) a subscriber is not a public utility subject to IC 8-1-2 solely as a result of the subscriber's subscription to a community energy facility.

Sec. 16. An investor owned utility may not:

(1) own a community energy facility; or

(2) offer incentive programs to a community energy facility.

Sec. 17. (a) As used in this section, "working group" refers to the interconnection working group established under subsection (b).

(b) Not later than October 1, 2027, the commission shall establish an interconnection working group composed of:

(1) representatives of electricity suppliers; and

(2) other stakeholders with respect to electric utility service.

(c) The chairman of the commission, or the chairman's designee, serves:

(1) as the chair; and

(2) as a nonvoting member;

of the working group.

(d) The working group shall meet at the call of the working group's chair.

(e) A majority of the members of the working group constitutes



1 a quorum.

2 (f) A member of the working group who is a member of the
3 general assembly is a nonvoting member of the working group.

4 (g) The affirmative vote of a majority of the voting members of
5 the working group is required for the working group to take action
6 on any measure, including adoption of the report under subsection
7 (m).

8 (h) The commission shall staff and provide oversight for the
9 working group.

10 (i) Except as provided under subsection (l), the expenses of the
11 working group shall be paid from funds appropriated to the
12 commission.

13 (j) A member of the working group who is not a state employee
14 is not entitled to the minimum salary per diem provided by
15 IC 4-10-11-2.1(b). The member is, however, entitled to
16 reimbursement for mileage and traveling expenses as provided
17 under IC 4-13-1-4 and other expenses actually incurred in
18 connection with the member's duties as provided in the state
19 policies and procedures established by the Indiana department of
20 administration and approved by the budget agency.

21 (k) Each member of the working group who is a state employee,
22 but who is not a member of the general assembly, is entitled to
23 reimbursement for mileage and traveling expenses as provided
24 under IC 4-13-1-4 and other expenses actually incurred in
25 connection with the member's duties as provided in the state
26 policies and procedures established by the Indiana department of
27 administration and approved by the budget agency.

28 (l) Each member of the working group who is a member of the
29 general assembly is entitled to receive the same per diem, mileage,
30 and travel allowances paid to legislative members of interim study
31 committees established by the legislative council. Per diem,
32 mileage, and travel allowances paid under this subsection shall be
33 paid from appropriations made to the legislative council or the
34 legislative services agency.

35 (m) The working group shall:

36 (1) review policies, processes, tariffs, rules, and standards
37 relating to the interconnection of community energy facilities
38 and electricity suppliers; and

39 (2) not later than March 31, 2028, submit to the commission
40 a report containing the working group's recommendations
41 regarding creation, revision, or elimination of policies,
42 processes, tariffs, rules, or standards relating to the



1 **interconnection of community energy facilities and electricity**
2 **suppliers as necessary for transparent, accurate, and efficient**
3 **implementation of this chapter.**

4 **(n) Not later than October 1, 2028, the commission shall adopt**
5 **regulations necessary to implement the recommendations**
6 **contained in the working group's report under subsection (m).**

7 **(o) This section expires January 1, 2029.**

