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

LS 6591
BILL NUMBER: SB 196

NOTE PREPARED: Dec 15, 2025
BILL AMENDED:

SUBJECT: Community Energy Facilities.

FIRST AUTHOR: Sen. Walker G
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill requires the Indiana Utility Regulatory Commission (IURC) to adopt rules governing community energy facilities not later than July 1, 2028.

It also 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.

The bill requires the IURC 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. It also prohibits an investor owned utility from: (1) owning a community energy facility; or (2) offering incentive programs to community energy facilities.

Effective Date: July 1, 2026.

Explanation of State Expenditures: *Interconnections Working Group:* This bill's requirement of the IURC to establish an interconnections working group by October 1, 2027, to review policies, processes, tariffs, rules, and standards relating to the interconnection of community energy facilities and electricity suppliers. It also requires the working group to submit recommendations to the IURC no later than March 31, 2028. The IURC's workload will increase through providing staff oversight for the working group. Additionally, the expenses of the working group shall be paid from funds appropriated to the IURC.

The IURC will pay for the mileage and travel expenses of working group members who are not state employees or are state employees but not members of the General Assembly. Per diem, mileage, and travel allowances of working group members who are also members of the General Assembly will be paid from appropriations to the Legislative Council or the Legislative Services Agency. The total reimbursement expenses for the working group is dependant on how many members the chairman of the IURC appoints, and how often travel is necessary for the members that comprise the working group.

IURC Rule Adoption: The IURC shall adopt rules governing energy facilities, energy credit rate, uniform fees, consumer protection standards, processes for interconnection, and cost recovery for reasonable administrative expenses before FY 2028. It also requires the IURC to adopt rules necessary to implement the recommendations of the working group not later than October 1, 2028. This represents an additional workload on the IURC, but it should be able to be accomplished within existing resources.

Additional Information- The operating budget of the IURC is funded by regulated utilities operating in Indiana. The rate at which to bill the utilities is based on the agencies' budgets, less reversions, divided by the total amount of gross intrastate operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.15% of their gross intrastate operating revenues to fund the IURC.

Explanation of State Revenues: *Energy Credits:* Electricity providers that file a community energy facility program plan may remit less sales tax revenue to the state as a result of an increased proportion of energy being self-generated by the community and credited to their electricity bills. The majority of sales tax revenue is distributed to the General Fund. The amount of reduced revenue would be dependent on the level of community energy facility adoption and the rates the IURC establishes for energy credits.

Explanation of Local Expenditures: If municipal utilities offer a community energy facility program plan, there could be an increase in workload and local expenditures related to program implementation.

Energy Credits: If local units are customers of electricity providers that file a community energy facility program plan, and those units receive credits for subscribing to receive energy from that facility, there could be decreased local expenditures as a result of the bill.

Community Energy Facility Organization: The bill requires a community energy facility organization to submit an annual report to the IURC regarding the ownership, management, operation, statistical results, and future plans of the community energy facility. As a result, there could be an increase in workload and local expenditures related to the application, administration of the facility, and reporting requirements.

Explanation of Local Revenues:

State Agencies Affected: Indiana Utility Regulatory Commission, General Assembly

Local Agencies Affected: Municipal utilities

Information Sources:

Fiscal Analyst: Abdul Abdulkadri, 317-232-9852.