

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

LS 6940
BILL NUMBER: SB 240

NOTE PREPARED: Jan 4, 2026
BILL AMENDED:

SUBJECT: Surplus Interconnection Service.

FIRST AUTHOR: Sen. Koch
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill defines "surplus interconnection service" (SIS), with respect to established interconnection service connecting an electric generating facility with an electric transmission system, as any unneeded portion of that service the use of which would result in the total amount of interconnection service at the point of interconnection remaining the same.

Surplus Interconnection in IRPs: This bill provides that an electric utility that is required to file integrated resource plans (IRPs) with the Indiana Utility Regulatory Commission (IURC) must include in any IRP filed after December 31, 2026, an analysis of the potential for SIS to meet immediate needs for capacity and energy at both utility owned facilities and third party facilities. It sets forth specified factors that the analysis must address and provides that in any IRP filed with the IURC after December 31, 2029, an electric utility must include a plan to develop or procure cost effective SIS projects. This bill requires the plan to identify opportunities: (1) for utility owned self-build projects or third party projects; and (2) to extend existing contracts with third parties to allow for the use or provision of SIS.

SIS Consideration in Petitions: This bill also provides that with respect to any petition filed with the IURC after December 31, 2026, for a certificate of public convenience and necessity (CPCN) for the construction, purchase, or lease of an electric generation facility, the IURC shall consider whether: (1) the petitioner has conducted an analysis of the use of SIS as an alternative to, or in conjunction with, the proposed construction, purchase, or lease of the facility; and (2) the proposed construction, use, or lease of the facility will make use of or, allow for the use of, SIS.

IURC SIS Study: This bill requires the IURC to conduct a study to evaluate the potential use of SIS by electric utilities. Sets forth specific topics that the IURC must evaluate as part of the study and requires the IURC to include in its 2027 annual report its findings with respect to the topics evaluated in the study.

Effective Date: July 1, 2026.

Explanation of State Expenditures: The workload of the IURC will increase in (1) reviewing electricity utilities' IRPs for the analysis of the potential of surplus interconnection service to meet immediate energy

needs starting in 2027 and reviewing IRPs inclusion of plans to develop cost effective surplus interconnection projects starting in 2030, (2) considering the analysis done by electric utilities in their IRPs in the assessment of CPCN requests, and (3) conducting a study of the potential benefits and costs of utilizing SIS as an alternative to new interconnection construction and including these findings in the 2027 IURC Report. The bill's requirements are within the IURC's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Explanation of State Revenues:

Explanation of Local Expenditures: *Surplus Interconnection in IRPs:* The workload of municipal utilities and those under the Indiana Municipal Power Agency will increase to include analysis of the potential of surplus interconnection service to meet immediate energy needs starting in 2027 in their IRPs. Starting in 2030 IRPs must also include plans to develop cost effective surplus interconnection projects.

Explanation of Local Revenues:

State Agencies Affected: IURC

Local Agencies Affected: Municipal Utilities, Indiana Municipal Power Agency

Information Sources:

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