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## SENATE BILL No. 240

Proposed Changes to introduced printing by AM024001

### DIGEST OF PROPOSED AMENDMENT

Surplus interconnection service. 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, 2029, (instead of December 31, 2026, in the introduced version of SB 240) an analysis of the potential for surplus interconnection service (SIS) to meet immediate needs for capacity and energy at facilities owned by the electric utility (instead of at both utility owned facilities and third party facilities). Authorizes, instead of requires, an electric utility to solicit information from owners or operators of third party facilities about the potential use of SIS at those facilities. Provides that the electric utility may include in its IRP the results of a third party solicitation to the extent that the electric utility receives information concerning viable opportunities for the use of SIS at the third party facilities considered. Removes provisions requiring that an IRP must include: (1) a description of any site characteristics or potential contractual terms that affect the viability of SIS at facilities identified in the required analysis; and (2) an assessment of any facilities planned for retirement with respect to which SIS could be used. Removes language providing that in any IRP filed after December 31, 2029, an electric utility must include a plan to develop or procure cost effective SIS projects. Removes certain topics that the IURC must evaluate in its required study of the potential use of SIS by electric utilities.

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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 8-1-8.5-3.6 IS ADDED TO THE INDIANA  
2           CODE AS A NEW SECTION TO READ AS FOLLOWS  
3           [EFFECTIVE JULY 1, 2026]: Sec. 3.6. (a) **As used in this section,**  
4           "electric utility" refers to an electric utility listed in 170  
5           IAC 4-7-2(a).  
6           (b) **As used in this section, "interconnection service" refers to**

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1 a service that is:

2 (1) established in a standard large generator interconnection  
 3 agreement, as defined in the Federal Energy Regulatory  
 4 Commission's pro forma Large Generator Interconnection  
 5 Procedures for electric generating facilities having a  
 6 generating facility capacity of more than twenty (20)  
 7 megawatts;

8 (2) provided by an electric transmission provider; and  
 9 (3) associated with interconnecting a generating facility with  
 10 the transmission provider's transmission system and  
 11 enabling the transmission system to receive electric energy  
 12 and capacity from the generating facility at the point of  
 13 interconnection.

14 (c) As used in this section, "surplus interconnection service"  
 15 means any unneeded portion of interconnection service the use of  
 16 which would result in the total amount of interconnection service  
 17 at the point of interconnection remaining the same.

18 (d) As used in this section, "third party facility", with respect  
 19 to an electric utility, means a generating facility that is not owned  
 20 or operated by the electric utility or an affiliate of the electric  
 21 utility.

22 ~~(e) As used in this section, "third party project", with respect  
 23 to an electric utility, means a project that:~~

24 ~~(1) involves the use of surplus interconnection service; and  
 25 (2) is not constructed, owned, or operated by the electric  
 26 utility or an affiliate of the electric utility.~~

27 ~~(f) In any integrated resource plan filed with the  
 28 commission under 170 IAC 4-7 after December 31, 202~~6~~<sup>9</sup>, an  
 29 electric utility must include an analysis of the potential for surplus  
 30 interconnection service to meet immediate needs for capacity and  
 31 energy at ~~both~~facilities owned by the electric utility. In  
 32 performing the analysis required under this subsection, an electric  
 33 utility shall assess the potential use of surplus interconnection  
 34 service at utility owned facilities ~~and third party facilities. The~~  
 35 ~~analysis required by this subsection must include the following:~~~~

36 ~~(1) An assessment of:~~

37 ~~(A) utility owned facilities; and  
 38 (B) third party facilities;~~

39 ~~with surplus interconnection service greater than  
 40 twenty-five (25) megawatts. In ~~performing the assessment~~  
 41 ~~required under this subdivision~~<sup>9</sup>[addition], the electric  
 42 ~~utility shall~~may solicit~~from the owners or operators of~~~~



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1                   **large generator interconnection agreement.**

2                   SECTION 2. IC 8-1-8.5-4, AS AMENDED BY P.L.55-2023,  
 3                   SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 4                   JULY 1, 2026]: Sec. 4. (a) As used in this section, "federal phaseout  
 5                   mandate" means any federal statutory or regulatory requirement that:

6                   (1) is established after April 20, 2021, by the Congress of the  
 7                   United States, a federal regulatory agency, or a federal executive  
 8                   order; and

9                   (2) requires the phaseout or discontinuance of a particular type  
 10                   of electric generating facility, technology, or fuel source.

11                   **(b) As used in this section, "surplus interconnection service"**  
 12                   **has the meaning set forth in section 3.6 of this chapter.**

13                   **(b) (c)** In acting upon any petition for the construction, purchase,  
 14                   or lease of any facility for the generation of electricity, the commission  
 15                   shall take into account the following:

16                   (1) The applicant's current and potential arrangement with other  
 17                   electric utilities for:

- 18                   (A) the interchange of power;
- 19                   (B) the pooling of facilities;
- 20                   (C) the purchase of power; and
- 21                   (D) joint ownership of facilities.

22                   (2) Other methods for providing reliable, efficient, and  
 23                   economical electric service, including the refurbishment of  
 24                   existing facilities, conservation, load management, cogeneration,  
 25                   and renewable energy sources.

26                   (3) With respect to a petition that:

- 27                   (A) is for the construction of a new generating facility; and
- 28                   (B) is submitted to the commission after June 30, 2021, and  
 29                   before January 1, 2025;

30                   the impact of federal phaseout mandates on the estimated useful  
 31                   life of each proposed generating facility included in the petition,  
 32                   including depreciation expense associated with each facility.

33                   (4) With respect to a petition that is submitted to the commission  
 34                   after June 30, 2023, whether the proposed construction,  
 35                   purchase, or lease of the facility will result in the provision of  
 36                   electric utility service with the attributes set forth in  
 37                   IC 8-1-2-0.6, including:

- 38                   (A) reliability;
- 39                   (B) affordability;
- 40                   (C) resiliency;
- 41                   (D) stability; and
- 42                   (E) environmental sustainability;



1 as described in IC 8-1-2-0.6.  
 2

3 **(5) With respect to a petition that is submitted to the**  
 4 **commission after December 31, 202~~6~~9, whether:**

5 **(A) the petitioner has conducted an analysis, as part of**  
 6 **an integrated resource plan in accordance with section**  
 7 **3.6 of this chapter or otherwise, of the use of surplus**  
 8 **interconnection service as an alternative to, or in**  
 9 **conjunction with, the proposed construction, purchase,**  
 10 **or lease of the facility; and**

11 **(B) the proposed construction, use, or lease of the**  
 12 **facility will make use of or, allow for the use of, surplus**  
 13 **interconnection service.**

14 SECTION 3. IC 8-1-8.5-15 IS ADDED TO THE INDIANA CODE  
 15 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 16 1, 2026]: Sec. 15. (a) The definitions in section 3.6 of this chapter  
 17 apply throughout this section.

18 (b) The commission shall conduct a study to evaluate the  
 19 potential use of surplus interconnection service by electric utilities  
 20 to enable electric utilities to:

21 (1) safely, reliably, efficiently, and cost effectively meet  
 22 electric system demand; and  
 23 (2) provide safe, reliable, and affordable electric utility  
 24 service to customers.

25 (c) In conducting the study, the commission shall evaluate the  
 26 following:~~(d)~~

27 ~~(1) Subject to subsection (d), the potential costs and benefits~~  
 28 ~~of the use of surplus interconnection service by electric~~  
 29 ~~utilities at both utility owned facilities and third party~~  
 30 ~~facilities, including a consideration of the extent to which the~~  
 31 ~~use of service interconnection service would do the following:~~

32 ~~(A) Avoid the need to construct or deploy additional~~  
 33 ~~transmission infrastructure;~~

34 ~~(B) Enable new electric generating or storage facilities~~  
 35 ~~to avoid the:~~

36 ~~(i) costs; and~~

37 ~~(ii) time frames for approval;~~

38 ~~associated with the appropriate regional transmission~~  
 39 ~~organization's interconnection queue;~~

40 ~~(C) Provide energy value to existing thermal facilities,~~  
 41 ~~such as peaker plants and other underutilized facilities;~~

42 ~~(D) Provide capacity value to existing alternative energy~~  
 43 ~~facilities by shifting generation to high-value peak~~



hours.

### ~~(E) Reduce transmission congestion:~~

## ~~(F) Increase system reliability.~~

→ (2>1

**(11) The potential use of surplus interconnection service to enable electric utilities to provide safe, reliable, and affordable electric utility service to customers in Indiana, considering existing and planned transmission infrastructure and projected demand growth.«**

(3) Potential ways to encourage the use of surplus interconnection service at sites where its use would be advantageous, including policies that would:

(A) address barriers to co-locating electric generating or storage facilities by allowing expedited siting and permitting rules for surplus interconnection service projects; or

(B) incorporate surplus interconnection service into the state's:

- (i) economic development efforts, such as site selection and incentive programs; or
- (ii) a plan to improve and expand facilities;

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**(2)** Any other aspect of surplus interconnection service that the commission determines will assist policymakers, electric utilities, ratepayers, and other stakeholders in understanding the potential role of surplus interconnection service in the transmission system serving Indiana and the region.

(d) An electric utility shall provide the commission, at the time and in the manner prescribed by the commission, any information or related materials required by the commission to perform the evaluation described in subsection (c). ~~However, upon~~ If the electric utility has solicited information concerning the potential use of surplus interconnection service at third party facilities under section 3.6(f) of this chapter, and the commission requires further information or related materials regarding the potential use of surplus interconnection service at those third party facilities, the commission may request the information or materials directly from the owners or operators of those third party facilities. Upon request by an electric utility or an owner or operator of a third party facility, the commission shall determine whether any information or related materials requested by the commission;

(1) are confidential under JC 5-14-3-4;

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4 access and disclosure by the commission.  
5 (e) In conducting the study required by this section, the  
6 commission may hire a consultant or contractor to perform

6 commission may consult with or invite commi  
7 (1) national transmission organization

(4) the office of utility consumer counselor;

15 (7) engineers or other experts; ~~or~~ and

16 (8) other stakeholders.

## 17 The commission may incorp

18 received under this subsection in its report under subsection (f).

19 (f) The commission shall include in the annual report that the  
20 commission is required to submit under IC 8-1-1-14 before  
21 October 1, 2027, a report that includes the commission's findings  
22 with respect to the topics ~~outlined~~ set forth in subsection (c).1

**The commission may incorporate any information or comments received under this subsection in its report under subsection (f).**

(f) The commission shall include in the annual report that the commission is required to submit under IC 8-1-1-14 before October 1, 2027, a report that includes the commission's findings with respect to the topics ~~outlined~~ set forth in subsection (c).1

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