
SENATE BILL No. 240

AM024002 has been incorporated into January 16, 2026 printing.

Synopsis: Surplus interconnection service.

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SB 240—LS 6940/DI 101



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January 16, 2026

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. 240

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**
7 **a service that is:**
8 **(1) established in a standard large generator interconnection**
9 **agreement, as defined in the Federal Energy Regulatory**
10 **Commission's pro forma Large Generator Interconnection**
11 **Procedures for electric generating facilities having a**
12 **generating facility capacity of more than twenty (20)**
13 **megawatts;**
14 **(2) provided by an electric transmission provider; and**
15 **(3) associated with interconnecting a generating facility with**

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the transmission provider's transmission system and enabling the transmission system to receive electric energy and capacity from the generating facility at the point of interconnection.

(c) As used in this section, "surplus interconnection service" means any portion of interconnection service that:

- (1) has not been used; and
- (2) is not reasonably expected to be needed;

the use of which would result in the total amount of interconnection service at the point of interconnection service remaining the same.

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

(e) In any integrated resource plan filed with the commission under 170 IAC 4-7 after December 31, 2029, an electric utility must include an analysis of the potential for surplus interconnection service to meet immediate needs for capacity and energy at facilities owned by the electric utility. In performing the analysis required under this subsection, an electric utility shall assess the potential use of surplus interconnection service at utility owned facilities with surplus interconnection service greater than twenty-five (25) megawatts. In addition, the electric utility may solicit information concerning the potential use of surplus interconnection service at third party facilities, including the willingness of the owners or operators of third party facilities to accommodate surplus interconnection service. The electric utility may include in its integrated resource plan the results of a solicitation made under this subsection to the extent that the electric utility receives information concerning viable opportunities for the use of surplus interconnection service at the third party facilities considered in the solicitation.

(f) In an integrated resource plan filed with the commission after December 31, 2029, an electric utility may include, in addition to the information set forth in subsection (e), the proposed use of more than one hundred percent (100%) of the surplus interconnection service at a utility owned facility or a third party facility so as to facilitate the use of the entire interconnection service established for the facility in a standard large generator interconnection agreement, so long as the use of the proposed surplus interconnection service when combined with the existing

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1 **used capacity does not exceed the total interconnection service**
 2 **established for the facility in the standard large generator**
 3 **interconnection agreement.**

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

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

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

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

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

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

20 (A) the interchange of power;

21 (B) the pooling of facilities;

22 (C) the purchase of power; and

23 (D) joint ownership of facilities.

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

28 (3) With respect to a petition that:

29 (A) is for the construction of a new generating facility; and

30 (B) is submitted to the commission after June 30, 2021, and
 31 before January 1, 2025;

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

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

40 (A) reliability;

41 (B) affordability;

42 (C) resiliency;

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(D) stability; and
 (E) environmental sustainability;
 as described in IC 8-1-2-0.6.

(5) With respect to a petition that is submitted to the commission after December 31, 2029, whether:

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

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

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

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

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

(c) In conducting the study, the commission shall evaluate the following:

(1) 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.

(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). If the electric utility has solicited information concerning the potential use of surplus

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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 IC 5-14-3-4;
- (2) are exempt from public access and disclosure by Indiana law; and
- (3) must be treated as confidential and protected from public access and disclosure by the commission.

(e) In conducting the study required by this section, the commission may consult with or invite comments from:

- (1) regional transmission organizations;
- (2) the Federal Energy Regulatory Commission or other federal regulators;
- (3) electric utilities;
- (4) the office of utility consumer counselor;
- (5) associations or organizations representing utility ratepayers;
- (6) regulatory commissions in other states;
- (7) engineers or other experts; and
- (8) other stakeholders.

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 set forth in subsection (c).



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