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SENATE BILL No. 240

Proposed Changes to January 16, 2026 printing by AM024002

DIGEST OF PROPOSED AMENDMENT

Surplus interconnection service. Revises the definition of "surplus interconnection service" to specify that the term means a portion of interconnection service that: (1) has not been used; and (2) is not reasonably expected to be needed. Makes a technical change.

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

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1 (c) As used in this section, "surplus interconnection service"
2 means any ~~unneeded~~ portion of interconnection service [that:

(1) has not been used; and

(2) is not reasonably expected to be needed;

5 the use of which would result in the total amount of
6 interconnection service at the point of interconnection [service
7]remaining the same.<

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

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

42 SECTION 2. IC 8-1-8.5-4, AS AMENDED BY P.L.55-2023.

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1 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2026]: Sec. 4. (a) As used in this section, "federal phaseout
3 mandate" means any federal statutory or regulatory requirement that:

4 (1) is established after April 20, 2021, by the Congress of the
5 United States, a federal regulatory agency, or a federal executive
6 order; and
7 (2) requires the phaseout or discontinuance of a particular type
8 of electric generating facility, technology, or fuel source.

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

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

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

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

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

24 (3) With respect to a petition that:

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

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

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

36 (A) reliability;
37 (B) affordability;
38 (C) resiliency;
39 (D) stability; and
40 (E) environmental sustainability;

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

42 **(5) With respect to a petition that is submitted to the**

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1 commission after December 31, 2029, whether:

2 (A) the petitioner has conducted an analysis, as part of
 3 an integrated resource plan in accordance with section
 4 3.6 of this chapter or otherwise, of the use of surplus
 5 interconnection service as an alternative to, or in
 6 conjunction with, the proposed construction, purchase,
 7 or lease of the facility; and
 8 (B) the proposed construction, use, or lease of the
 9 facility will make use of L1 or ~~or~~ allow for the use of,
 10 surplus interconnection service.

11 SECTION 3. IC 8-1-8.5-15 IS ADDED TO THE INDIANA CODE
 12 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 13 1, 2026]: Sec. 15. (a) The definitions in section 3.6 of this chapter
 14 apply throughout this section.

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

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

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

24 (1) The potential use of surplus interconnection service to
 25 enable electric utilities to provide safe, reliable, and
 26 affordable electric utility service to customers in Indiana,
 27 considering existing and planned transmission infrastructure
 28 and projected demand growth.

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

34 (d) An electric utility shall provide the commission, at the time
 35 and in the manner prescribed by the commission, any information
 36 or related materials required by the commission to perform the
 37 evaluation described in subsection (c). If the electric utility has
 38 solicited information concerning the potential use of surplus
 39 interconnection service at third party facilities under section 3.6(f)
 40 of this chapter, and the commission requires further information
 41 or related materials regarding the potential use of surplus
 42 interconnection service at those third party facilities, the

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1 commission may request the information or materials directly
2 from the owners or operators of those third party facilities. Upon
3 request by an electric utility or an owner or operator of a third
4 party facility, the commission shall determine whether any
5 information or related materials requested by the commission:

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

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

13 (1) regional transmission organizations;
14 (2) the Federal Energy Regulatory Commission or other
15 federal regulators;
16 (3) electric utilities;
17 (4) the office of utility consumer counselor;
18 (5) associations or organizations representing utility
19 ratepayers;
20 (6) regulatory commissions in other states;
21 (7) engineers or other experts; and
22 (8) other stakeholders.

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

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

