Introduced Version

HOUSE BILL No. 1320

DIGEST OF INTRODUCED BILL

Citations Affected: IC 8-1-40; IC 36-7-5.3.

Synopsis: Generation of electricity by distributed generation. Provides that the utility regulatory commission (IURC) may authorize an electricity supplier to establish certain tariffs, rates and charges, and credits with respect to the acquisition of electricity from a customer that uses distributed generation. Establishes consumer protections for customers using distributed generation. Requires electricity suppliers and customers that use distributed generation to comply with applicable safety, performance, reliability and interconnection rules and standards. Provides that a local ordinance, resolution, or order involving distributed generation equipment must: (1) reasonably accommodate the facility; and (2) represent the minimum regulation practicable to accomplish a legitimate governmental purpose.

Effective: Upon passage.

Koch

January 13, 2015, read first time and referred to Committee on Utilities, Energy and Telecommunications.
HOUSE BILL No. 1320

A BILL FOR AN ACT to amend the Indiana Code concerning utilities.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 8-1-40 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 40. Distributed Generation

Sec. 1. As used in this chapter, "avoided cost" means the incremental energy cost an electricity supplier avoids by receiving electricity from a customer that uses distributed generation rather than by purchasing the electricity from another party or generating the electricity itself.

Sec. 2. As used in this chapter, "customer" means a person that:
   (1) receives electric service from an electricity supplier; and
   (2) is not billed a monthly demand charge for peak demand for electric kilowatts.

Sec. 3. As used in this chapter, "distributed generation" means the generation of electricity by equipment that is:
(1) located on the customer's premises;
(2) owned, operated, leased, or otherwise used by the
customer; and
(3) interconnected and operated in parallel with the electricity
supplier's facilities.

The term does not include an electric generator used exclusively
for emergency purposes.

Sec. 4. As used in this chapter, "electricity supplier" has the
meaning set forth in IC 8-1-2.3-2(b).

Sec. 5. As used in this chapter, "fixed charge" means:
(1) a fixed monthly charge;
(2) a basic service charge; or
(3) any other charge that is not derived from the volume of
energy consumed by a customer;
that reflects the fixed costs of the customer's electricity supplier.

Sec. 6. As used in this chapter, "fixed costs" means any costs
that:
(1) are incurred by an electricity supplier as part of its cost of
service; and
(2) do not vary directly with the number of kilowatt hours
sold or delivered.

The term includes capital and operating costs.

Sec. 7. As used in this chapter, "subsidy" means a cost
attributable to a customer that is allocated or assigned on a basis
other than the cost of service to a different customer in the same
customer class of service.

Sec. 8. (a) An electricity supplier may petition the commission
to authorize rates and charges, including fixed charges, based on
a nonvolumetric rate design.

(b) If the commission finds that the nonvolumetric rate design
is based on principles of cost causation, the commission shall
authorize the rates and charges.

Sec. 9. (a) Upon petition by an electricity supplier, the
commission may authorize the electricity supplier to establish and
impose a fixed charge to avoid, reduce, or eliminate a subsidy to
customers of the electricity supplier that use distributed
generation.

(b) A fixed charge authorized under this section applies only to
customers that place distributed generation equipment into service
after December 31, 2014.

Sec. 10. (a) An electricity supplier may petition the commission
to approve a tariff that provides a credit on a customer bill for
electric service to a customer that:
(1) uses distributed generation; and
(2) delivers electricity to the electricity supplier.
(b) The commission shall approve a tariff described in
subsection (a) if the commission makes the following findings:
(1) The customer will be charged for all electricity that the
customer consumes at the applicable rate schedule for sales to
that customer class.
(2) The amount of the credit on the customer's bill equals the
electricity supplier's avoided cost that is attributable to the
electricity provided by the customer to the electricity supplier.
(3) Any unused portion of a credit issued to a customer during
a billing cycle will carry forward and be applied against all
charges billed to the customer during a subsequent billing
cycle.
(c) A tariff approved under this section applies only to
customers that place distributed generation equipment into service
after December 31, 2014.
Sec. 11. A petition described in section 8, 9, or 10 of this chapter:
(1) must be in the manner and form prescribed by the
commission; and
(2) may be submitted to the commission as part of any of the
following proceedings:
(A) A general basic rate proceeding.
(B) A proceeding limited to examining cost allocation and
rate design methods proposed to set rates for an electricity
supplier that do not change the total retail revenues
previously authorized for the electricity supplier by the
commission.
(C) A proceeding to revise a tariff approved by the
commission under 170 IAC 4-4.2 (concerning net
metering).
Sec. 12. The commission may not:
(1) approve a tariff; or
(2) authorize rates and charges;
that include a subsidy for customers that use distributed
generation.
Sec. 13. (a) This chapter does not affect the following:
(1) An agreement entered into, or a tariff approved by the
commission, before May 14, 2015, for the purchase of
electricity from a customer that uses distributed generation.
(2) An agreement entered into before May 14, 2015, to
provide a credit on a customer's bill for the intermittent
delivery of excess electricity from the customer that uses
distributed generation to an electricity supplier under a net
metering tariff.

(b) Notwithstanding subsection (a) or section 12 of this chapter,
an electricity supplier that is a party to an agreement or a tariff
described in subsection (a)(1) may petition the commission to
renew, modify, or supplant the agreement or tariff.

Sec. 14. An electricity supplier may offer distributed generation
and other renewable energy services to customers.

Sec. 15. (a) A customer that uses distributed generation shall
comply with applicable safety, performance, and reliability
standards established by the following:

(1) The commission.
(2) An electricity supplier, subject to approval by the
commission.
(5) The Institute of Electrical and Electronics Engineers.
(6) Underwriters Laboratories.
(7) The federal energy regulatory commission.
(8) Local regulatory authorities.

(b) Electricity suppliers and customers that use distributed
generation shall comply with applicable interconnection rules and
standards established by the following:

(1) The commission. Applicable rules and standards under
this subdivision include 170 IAC 4-4.2 (concerning net
metering) and 170 IAC 4-4.3 (concerning interconnection).
(2) An electricity supplier, subject to approval by the
commission.

Sec. 16. (a) A customer that uses distributed generation has the
following rights regarding the installation, ownership, and leasing
of distributed generation equipment:

(1) The right to know that the attorney general is authorized
to enforce this section, including by receiving complaints
concerning the installation, ownership, or leasing of
distributed generation equipment.
(2) The right to know the expected amount of electricity that
will be produced by the distributed generation equipment that
the customer is purchasing or leasing.
(3) The right to know all costs associated with installing
distributed generation equipment, including any taxes for
which the customer is liable.

(4) The right to know the value of all federal, state, or local
tax credits, electricity supplier rate credits, or other incentives
or rebates that the customer may receive or, if applicable,
assign to the provider of distributed generation.

(5) The right to know the rate at which the customer will be
credited for electricity produced by the customer's distributed
generation equipment and delivered to an electricity supplier.

(6) The right to know information regarding lease payments
and interest rates over the life of a lease for distributed
generation equipment.

(7) The right to know if a provider of distributed generation
insures the distributed generation equipment against damage
or loss and, if applicable, any circumstances under which the
provider does not insure against or otherwise cover damage
to or loss of the distributed generation equipment.

(8) The right to know the responsibilities of a provider of
distributed generation with respect to installing or removing
distributed generation equipment, including during the life of
a lease.

(9) The right to know which party to a lease for distributed
generation equipment is responsible for the balance of the
lease when:

(A) the premises on which the distributed generation
equipment is located is sold; or

(B) the customer dies;

before the end of the lease.

(b) The attorney general, in consultation with the commission,
shall adopt rules under IC 4-22-2 that the attorney general
considers necessary to implement and enforce this section,
including a rule requiring written disclosure of the rights set forth
in subsection (a) by a provider of distributed generation to a
customer.

SECTION 2. IC 36-7-5.3 IS ADDED TO THE INDIANA CODE
AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
UPON PASSAGE]:

Chapter 5.3. Regulation of Distributed Generation Equipment
Sec. 1. The definitions in IC 8-1-40 apply throughout this
chapter.

Sec. 2. A municipality or county may not enact or enforce an
ordinance, a resolution, or an order that prohibits the construction
or operation of distributed generation equipment.
Sec. 3. If a municipality or county adopts an ordinance, resolution, or order involving the construction, placement, size, or operation of distributed generation equipment based on health, safety, or aesthetic conditions, the ordinance, resolution, or order must:

(1) reasonably accommodate distributed generation; and

(2) represent the minimal regulation practicable to accomplish the municipality's or county's legitimate purpose.

Sec. 4. This chapter does not prohibit a municipality or county from taking action to protect or preserve a historic, a historical, or an architectural district that is established by the municipality or county or under state or federal law.

SECTION 3. An emergency is declared for this act.