

PROPOSED AMENDMENT

HB 1007 # 1

DIGEST

Energy generation resources. Amends the provision that provides a credit against state tax liability for expenses incurred in the manufacture of a small modular nuclear reactor (SMR) in Indiana to increase the amount of the credit from 10% to 20% of the amount of a taxpayer's qualified investment. Specifies that for purposes of the bill's provisions concerning expedited generation resource plans (EGR plans), an "acquisition" includes the purchase of energy or capacity through a power purchase agreement. Specifies that for purposes of the bill's provisions concerning: (1) EGR plans; (2) generation resource submittals; and (3) large load customer projects; an "energy utility" includes a rural electric membership corporation that owns and operates one or more electric generation facilities used to provide electric utility service to its members. Provides that an energy utility that submits a generation resource submittal to the Indiana utility regulatory commission (IURC) must include a proposed order in the submittal. Amends the bill's provisions authorizing a public utility to petition the IURC for approval to incur and recover project development costs in developing an SMR to provide that actual project development costs that: (1) are incurred by the public utility; and (2) exceed the approved project development costs; may not be included in the public utility's rates unless shown by the public utility, and found by the IURC, to be just and reasonable. Adds language providing that if: (1) a public utility does not seek a certificate of public convenience and necessity for the SMR for which project development costs are incurred; or (2) the project is canceled or not completed; the public utility may recover project development costs that have been reviewed and found reasonable by the IURC, but without a return. Amends existing language to specify that if a public utility does not seek approval of, or cost recovery for, project development costs under the bill's provisions, the IURC may approve the deferral and amortization of project development costs in accordance with the statutory procedures that apply to construction costs, but without a return. (The introduced version of the bill does not preclude the earning of a return on such deferred project development costs.) Amends the bill's provisions concerning public utilities' annual electric resource planning reports to the IURC as follows: (1) Provides that for an annual report submitted after December 31, 2025, a public utility must include information as to the amount of generating resource capacity or energy that the public utility plans to retire or refuel with respect to any electric generation resource with a nameplate capacity of at least 125 megawatts (instead of an electric generation resource of at least 100 MW, under the introduced version of the bill). (2) Specifies that the requirement to include information concerning a planned retirement applies with respect to the amount of generating resource capacity or energy, or both, that is owned and operated by the public utility and used to provide retail electric service in Indiana. (3) Provides that: (A) the required information in a public utility's annual resource planning report concerning a planned retirement must also include information as to whether the planned retirement is required to comply with environmental laws, regulations, or court orders (including consent decrees) that are or will be in effect at the time of planned retirement; and (B) the IURC staff report concerning the planned retirement must include the same information within the report's recommendations. (4) Changes existing law to require, rather than allow, the IURC to conduct an investigation if, after reviewing a public utility's annual planning report (and any related commission staff report prepared under the bill's provisions), the IURC is not satisfied that the public utility can satisfy both its planning reserve margin requirement and the statutory reliability adequacy metrics during one or more years covered by the report. (5) Strikes the provision in existing law that allows the IURC, in determining whether to conduct such an investigation, to consider the public utility's ability to provide reliable electric service to its Indiana customers as an alternative standard to the public utility's ability to satisfy both its planning reserve margin requirement

and the statutory reliability adequacy metrics. (6) Provides that: (A) a public utility may request, not earlier than three years before the planned retirement date of an electric generation facility, that the IURC conduct an investigation with respect to the planned retirement; and (B) if the IURC conducts an investigation at the request of the public utility within that three year period, the IURC may not conduct a subsequent investigation that would otherwise be required under the bill's provisions with respect to the retirement of that same facility unless the IURC is not satisfied that the public utility can satisfy both its planning reserve margin requirement and the statutory reliability adequacy metrics as of the time the investigation would otherwise be required. (7) Provides that: (A) the IURC must issue an order with respect to an investigation not later than 120 days after the initiation of the investigation; and (B) if the IURC does not issue an order within the prescribed 120 day period, the public utility is considered to be able to satisfy both its planning reserve margin requirement and the statutory reliability adequacy metrics with respect to the retirement of the facility under investigation. (8) Provides that if the IURC issues an order under the bill's provisions to prohibit the retirement or refueling of an electric generation resource, the IURC shall create a sub-docket to authorize the public utility to recover in rates the costs of the continued operation of the electric generation resource proposed to be retired or refueled, subject to a finding by the IURC that the continued costs of operation are just and reasonable.

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- 1 Page 2, line 26, delete "ten percent (10%)" and insert "**twenty**
2 **percent (20%)**".
- 3 Page 3, line 17, delete "installed" and insert "**manufactured**".
- 4 Page 3, line 26, after "1." insert "**(a)**".
- 5 Page 3, line 26, after "project" insert "**or an arrangement**".
- 6 Page 3, between lines 30 and 31, begin a new paragraph and insert:
7 "**(b) The term includes the purchase of energy or capacity**
8 **through a power purchase agreement.**".
- 9 Page 4, line 8, delete "planning" and insert "**project evaluation,**
10 **analysis, and development**".
- 11 Page 4, line 14, delete "means an" and insert "**means:**
12 **(1) an electric utility listed in 170 IAC 4-7-2(a) and any**
13 **successor in interest to that utility; or**
14 **(2) a corporation organized under IC 8-1-13 that owns and**
15 **operates one (1) or more electric generation facilities used to**
16 **provide electric utility service to its members.**".
- 17 Page 4, delete lines 15 through 16.
- 18 Page 9, between lines 21 and 22, begin a new line block indented
19 and insert:
20 "**(10) Include a proposed order for the submittal.**".
- 21 Page 22, line 5, after "be" insert "**reasonable and to be**".
- 22 Page 22, line 8, delete "commission." and insert "**commission with**
23 **a finding that the costs were just and reasonable.**".
- 24 Page 22, line 27, delete "If" and insert "**However, if a public utility**
25 **does not seek a certificate under this chapter with respect to the**

1 **small modular nuclear reactor for which the project development**
 2 **costs are incurred, or if the project is canceled or not completed,**
 3 **the public utility may recover project development costs that have**
 4 **been reviewed and found reasonable by the commission, but**
 5 **without a return. In addition, if".**

6 Page 22, line 31, delete "costs." and insert "**costs, but without a**
 7 **return."**

8 Page 24, line 1, delete "of at least one" and insert "**with a**
 9 **nameplate capacity of at least one hundred twenty-five (125)**
 10 **megawatts by a public utility."**

11 Page 24, delete line 2.

12 Page 24, line 6, delete "(u)(2)(B)," and insert "**(u)(2),"**

13 Page 24, line 20, delete "(u)(2)(B)," and insert "**(u)(2),"**

14 Page 24, line 34, delete "(u)(2)(B)," and insert "**(u)(2),"**

15 Page 25, line 2, delete "(u)(2)(B)," and insert "**(u)(2),"**

16 Page 25, line 14, delete "of at least one hundred" and insert "**with**
 17 **a nameplate capacity of at least one hundred twenty-five (125)**
 18 **megawatts by a public utility."**

19 Page 25, delete line 15.

20 Page 27, line 11, delete "retire," and insert "**retire and that is**
 21 **owned and operated by the public utility and used to provide retail**
 22 **electric service in Indiana,"**

23 Page 27, line 16, delete "facility that the public utility" and insert
 24 "**facility. The public utility must include information as to whether**
 25 **the planned retirement is required in order to comply with**
 26 **environmental laws, regulations, or court orders, including consent**
 27 **decrees, that are or will be in effect at the time of planned**
 28 **retirement."**

29 Page 27, line 17, delete "plans to retire. The" and insert "**In**
 30 **addition, the"**

31 Page 27, line 22, delete "credit" and insert "**accredited"**

32 Page 27, line 40, after "resource" insert "**accredited"**

33 Page 27, line 41, delete "provides." and insert "**provides, so as to**
 34 **provide approximately the same accredited capacity within the**
 35 **appropriate regional transmission organization."**

36 Page 29, line 29, delete "Commission" and insert "**With respect to**
 37 **a report submitted under subsection (n) after December 31, 2025,**
 38 **commission"**

39 Page 29, line 30, delete "under subsection (n)".

40 Page 29, line 38, delete "capacity credit" and insert "**accredited**

- 1 **capacity".**
- 2 Page 30, line 1, delete "and".
- 3 Page 30, line 9, delete "IC 8-1-2-0.6." and insert "**IC 8-1-2-0.6; and**
- 4 **(5) is required in order to comply with environmental laws,**
- 5 **regulations, or court orders, including consent decrees, that**
- 6 **are or will be in effect at the time of planned retirement."**
- 7 Page 30, line 19, strike "can:" and insert "**can either:**".
- 8 Page 30, strike lines 20 through 22.
- 9 Page 30, line 23, beginning with "(A)" begin a new line block
- 10 indented.
- 11 Page 30, line 23, strike "(A)" and insert "**(1)**".
- 12 Page 30, line 24, beginning with "(i)" begin a new line double block
- 13 indented.
- 14 Page 30, line 24, strike "(i)" and insert "**(A)**".
- 15 Page 30, line 27, beginning with "(ii)" begin a new line double block
- 16 indented.
- 17 Page 30, line 27, strike "(ii)" and insert "**(B)**".
- 18 Page 30, line 29, beginning with "(B)" begin a new line block
- 19 indented.
- 20 Page 30, line 29, strike "(B)" and insert "**(2)**".
- 21 Page 30, line 31, beginning with "(i)" begin a new line double block
- 22 indented.
- 23 Page 30, line 31, strike "(i)" and insert "**(A)**".
- 24 Page 30, line 34, beginning with "(ii)" begin a new line double block
- 25 indented.
- 26 Page 30, line 34, strike "(ii)" and insert "**(B)**".
- 27 Page 30, line 37, strike "may" and insert "**shall**".
- 28 Page 30, line 39, strike "(2), or both." and insert "**provide sufficient**
- 29 **reason as to that inability, as described in subdivision (2)."**
- 30 Page 30, line 40, delete "However," and insert "**In addition,**".
- 31 Page 30, line 41, delete "(n)" and insert "**(n)(2)**".
- 32 Page 31, line 3, delete "(2), or both." and insert "**provide sufficient**
- 33 **reason as to that inability, as described in subdivision (2). However,**
- 34 **a public utility may request, not earlier than three (3) years before**
- 35 **the planned retirement date of an electric generation facility, that**
- 36 **the commission conduct an investigation under IC 8-1-2-58**
- 37 **through IC 8-1-2-60, for the purposes described in this subsection,**
- 38 **with respect to the planned retirement. If the commission conducts**
- 39 **an investigation at the request of a public utility within the three**
- 40 **(3) year period before the planned retirement date of an electric**

1 generation facility, the commission may not conduct a subsequent
 2 investigation that would otherwise be required under this
 3 subsection with respect to the retirement of that same electric
 4 generation facility unless the commission is not satisfied, as of the
 5 time that an investigation would otherwise be required under this
 6 subsection, that the public utility can meet the requirements
 7 described in subdivision (1) or provide sufficient reason as to that
 8 inability, as described in subdivision (2)."

9 Page 31, line 8, strike "to support the provision of reliable electric
 10 service to".

11 Page 31, line 9, strike "the public utility's Indiana customers, or".

12 Page 31, line 22, after "(h)." insert "**The commission shall issue an**
 13 **order under this subsection not later than one hundred twenty**
 14 **(120) days after the initiation of the investigation under subsection**
 15 **(u). If the commission does not issue an order within the one**
 16 **hundred twenty (120) day period prescribed by this subsection, the**
 17 **public utility is considered to be able to meet the requirements**
 18 **described in subsection (u)(1) with respect to the retirement of the**
 19 **electric generation facility under investigation."**

20 Page 31, line 22, strike "the commission's" and insert "**an**".

21 Page 31, line 23, after "order" insert "**by the commission**".

22 Page 31, between lines 28 and 29, begin a new paragraph and insert:

23 "**(w) With respect to a report submitted under subsection (n)**
 24 **after December 31, 2025, if the commission issues an order under**
 25 **subsection (v) to prohibit the retirement or refueling of an electric**
 26 **generation resource, the commission shall create a sub-docket to**
 27 **authorize the public utility to recover in rates the costs of the**
 28 **continued operation of the electric generation resource that was**
 29 **proposed to be retired or refueled. The commission must find that**
 30 **the continued costs of operation are just and reasonable before**
 31 **authorizing their recovery in the public utility's rates. The creation**
 32 **of a sub-docket under this subsection is not subject to the one**
 33 **hundred twenty (120) day time frame for the commission to issue**
 34 **an order under subsection (v)."**

35 Page 31, line 29, delete "(w)" and insert "(x)".

36 Page 31, line 34, delete "(x)" and insert "(y)".

37 Page 32, line 32, delete "(y)" and insert "(z)".

(Reference is to HB 1007 as introduced.)