

2021 INDIANA GENERAL ASSEMBLY WEEK 12

- Week 12 of the 2021 legislative session is in the books. With last week's announcement of an early adjournment date of April 21st or 22nd, this week saw many committee meetings with legislation being heard, amended, and voted out.
- The House and Senate committee deadline is now April 8th. House and Senate 2nd and 3rd Reading deadlines are April 12th and 13th. Conference Committees will begin April 14th with final adjournment date being April 21st or 22nd. Again, this is a full week ahead of the statutory schedule.
- The Senate Appropriations Committee began its work on House Bill 1001, the biennial state budget. This is the only legislation that MUST be approved this session.
- The House Environmental Affairs Committee considered Senate Bill 389 this week. This is the wetlands bill that has been the object of much controversy this session. SB 389 seeks to repeal existing law that requires a permit from the IN Department of Environmental Management for wetland activity in a state regulated wetland. As it was approved by the Senate in February, this measure would repeal all state regulations on wetlands and terminate all pending administrative and legal actions against individuals who violated IDEM regulations while they were in effect. To address several of the concerns raised during the committee hearing, the committee may make some changes to the bill next week if it is scheduled for another hearing.
- Legislation that will establish civics education for middle school students in Indiana is now just one step away from becoming law. House Bill 1384 requires, not later than July 1, 2022, that the State Board of Education, in coordination with the IN Department of Education, establish standards for civics education. The measure establishes the Indiana Civic Education Commission and specifies what the duties of the commission will be. HB 1384 provides that beginning with students entering grade 6 in the 2023-2024 school year, each school corporation, charter school, and state accredited non-public school in the state shall require each student in grade 6, 7, or 8 to successfully complete one semester of a civics education course. It provides that the civics education standards in effect on July 2, 2022 may only be changed by an action of the General Assembly. Schools not already offering a civics course will need to add a civics course offering and ensure the appropriate staff is available to teach the course. A concurrence motion on HB 1384 was approved 88-1 and now heads to Governor Holcomb for his signature into law.
- The House Energy, Utilities and Telecommunications Committee met last week to consider Senate Bill 386 and reconvened again on Monday this week to consider an amendment to the bill. SB 386 deals with cost securitization of stranded electric utility assets. As the energy industry continues to transition, rate regulated electric utilities will have power plants that are not yet fully depreciated but are approaching the end of their useful lives and will likely be retired over the next several years. SB 386 is an effort to provide ratepayers potential cost benefits as the utilities seek to recover capital costs which are included in rates paid by customers. Securitization is a financial tool that could allow utilities to lessen the rate impact on customers of generating plant retirements. Securitization would allow customers to "pay off" the remaining costs of coal plants over a longer period of time at a lower rate. SB 386 creates a pilot securitization project that allows one investor-owned electric utility (narrowly and specifically defined by the bill) that has qualified capital costs of at least 5% of the electric utility's total electric rate base to file a petition with the IURC to issue securitization bonds, collect securitization charges, and encumber securitization property with a lien

and security interest. As amended, SB 386 says that if the IURC approves the petition, the IURC will issue a financing order providing for the amount of qualified costs to be recovered by the electric utility and the period for collecting securitization charges, not to exceed 20 years. The 21st Century Energy Policy Development Task Force discussed this complex topic over the last two years and recommended further study. In the amended bill, the sunset date was removed, the term of the securitization bonds was extended to 20 years from 15, and some additional provisions were added to ensure that ratepayers see the benefits of a utility exercising this tool for cost recovery. The bill now goes to the full House of Representatives for consideration.

- The Senate Utilities Committee also met this week to consider House Bills 1220 and 1520. Both bills were approved by the committee and will be considered by the full Senate, likely next week.
 - House Bill 1220 addresses one of the policy recommendations from the 21st Century Energy Policy Development Task Force. It provides for a 1-year extension of the 21st Century Energy Policy Development Task Force, with work to be completed by November 1, 2022. HB 1220 was approved by the House earlier in the session by a vote of 66-28. After an amendment was added to the bill in committee, the measure makes changes to the composition of the Task Force, increasing the number of members from 15 to 17, and requires the Utility Consumer Counselor or his designee to be a member, as well as either the public finance director of the IN Finance Authority or that person's designee. The bill itself moves some of the original Task Force appointments from the Governor to the General Assembly, and those appointments must be people from the State of Indiana. The prior Task Force did not have that limitation. HB 1220 sets out the topics to be considered for study, including but not limited to stranded utility assets, rate fairness to all customer classes, impacts of plant closures on local communities, electric vehicle charging infrastructure, distributed energy resources (DERs), energy storage, the use of securitization to recover stranded utility costs associated with legacy generation units and a potential reporting requirement for cooperatively owned power suppliers (Hoosier/WVPA) to provide to the IURC their calculations of stranded costs.
 - House Bill 1520 is another product of the 21st Century Energy Policy Development Task Force. Over the last two years, resource adequacy was a large focus for the Task Force. Making sure that all Indiana customers have reliable power supply led the Task Force to recommend that the General Assembly establish resource reliability metrics for Indiana's electric utilities, including IMPA. HB 1520 is the product of a collaborative effort by all electric utilities (including IMPA) who submit Integrated Resource Plans (IRPs) to the Indiana Utility Regulatory Commission (IURC). The bill requires utilities to submit an annual resource planning and capacity report to the IURC with specific information regarding the utility's ability to provide reliable electric service to its customers. The IURC must then review the reports and determine that the utility's capacity resources will or will not be adequate. The bill was approved by the full House earlier this session by a vote of 92-0.
- As the 2021 legislative session inches toward final adjournment, we will continue to monitor any and all legislation for any impact on IMPA and our municipal electric members.

