

State & Federal Legislative Update

February 23, 2024

INDIANA GENERAL ASSEMBLY

2024 Session Status

- Week 7 of the 2024 legislative session is complete. With the committee deadlines coming up next Tuesday February 27th (House) and Thursday February 29th (Senate), committees have been hard at work.
- The second half 3rd Reading deadline for the House is March 4th and for the Senate it is March 5th. An abbreviated conference committee process will then start, with all eyes right now on Friday March 8th being the final day of the session. Whether that is realistic, we will see in the coming days. Legislators will need to get their bills in order soon in order to avoid the conference process if at all possible.

Legislation of Interest

- House Bill 1133 – This legislation deals with the use of digitally altered media in election campaigning. Artificial Intelligence (AI) in other words. Specifically, HB 1133 requires that any political ads made without a candidate or officeholder's consent that contain digitally altered or AI-generated images, must include a disclaimer about its use. The measure also allows candidates and officeholders to file a civil lawsuit against the people who paid for or sponsored the ad if it does not include that disclaimer. HB 1133 passed unanimously in the House and the Senate Elections Committee voted 7-1 on Monday this week to send it on to the full Senate.
- Senate Bill 150 – This legislation deals with Artificial intelligence and cybersecurity. Specifically, SB 150 creates the Artificial Intelligence Task Force to study and assess the use of artificial intelligence technology by state agencies. Additionally, it encourages political subdivisions, state agencies, school corporations, and state educational institutions to adopt technology resource policies and cybersecurity policies pursuant to specific guidelines. The House Government and Regulatory Reform Committee approved the measure, and it now goes to the full House for consideration.
- Senate Bill 159 – This measure passed out of the Senate and was heard in the House Local Government Committee this week; however, no vote was taken. SB 159 is Senator Jim Buck's perennial effort to further alter annexation policy in Indiana. Iterations of this legislation have failed to move beyond Senate passage for the last several years. SB 159 is largely the same and requires a municipality that initiates an annexation to file with the court an annexation petition approved by the signatures of at least 51% of the owners of non-tax exempt land in the annexation territory or the owners of at least 75% in assessed valuation of non-tax exempt land in the annexation territory. It requires the court to hold a hearing if the petition has enough signatures and adds provisions for determining the validity of those signatures. Additionally, the bill eliminates remonstrances and remonstrance waivers, the reimbursement of remonstrator's attorney's fees and costs, and the eliminates the adoption of a fiscal plan for voluntary annexations

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requested by 100% of landowners in the annexation territory. After hearing testimony, the committee discussed the need for a broader conversation about annexation in the future and adjourned the meeting without a vote on SB 159.

- Finally, a couple items of note. First, the legislature has proposed lifting the nearly 40-year ban on “happy hours” in Indiana. House Bill 1086 has now passed both the House (75-21) and Senate (38-10). The measure does place certain restrictions on the times that businesses can offer reduced prices on drinks to no more than four hours per day or 15 hours per week. This one is a work in progress as the House has dissented from the Senate amendments to the bill. Second, for all of the hunters and trappers out there, there is a good chance there will be a bobcat hunting season in Indiana as Senate Bill 241 passed the House this week and now heads to the Governor for his signature into law.

Specific Energy/Utility Legislation of Interest

- On the energy and utilities front, the House Energy, Utilities and Telecommunications Committee finished its work last week and did not meet this week. The Senate Utilities Committee met for the final time this session to consider the two remaining bills that came over from the House – House Bills 1277 and 1278.
 - House Bill 1277 – The bill addresses the conflict between federal and state law concerning access to the Broadband Equity, Access, and Deployment (BEAD) Program, which is a federal government fund for rural broadband expansion. As introduced, this bill specified that the existing Indiana statute concerning the awarding of grants by the Office of Community and Rural Affairs (OCRA) for certain eligible broadband projects does not apply to subgrants awarded by the Indiana Broadband Office under the federal BEAD law, except for the definition of “eligible broadband service provider” set forth in the existing statute. The General Assembly has been clear that municipalities and other non-profit entities are not eligible broadband service providers. However, the federal BEAD law stipulates that these entities cannot be excluded from contracting and installing but must meet the threshold of years of experience set forth in the BEAD law in order to be eligible. HB 1277 was amended in committee to narrowly allow certain municipalities and non-profits to be eligible contractors/installers for purposes of these funds as long as they meet the BEAD requirements for years of experience. Few long standing municipal broadband networks exist, but this legislation could be of benefit to them. The bill was approved by the full House 94-0. The Senate Utilities Committee approved the measure unanimously.
 - House Bill 1278 - This measure impacts the IN Office of Energy Development (OED) and the IURC. It is primarily a clean-up bill and eliminates several statutory funds and programs administered by OED that are no longer funded or utilized.

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Energy Ready Communities Development Center that was created by the legislature in 2023. Under that law, the center administers a certification program for counties and municipalities that want to meet state defined guidelines for renewable energy projects and become commercial solar or wind ready communities. HB 1278 would allow OED to certify municipalities or counties as solar or wind ready as long as their ordinances – even if they are more restrictive -- do not differ significantly from industry or regulatory standards or pose an otherwise large barrier to renewable development. IURC provisions in the bill pertain to the field hearing process in rate cases that seek revenue increases of more than \$2.5 million. The bill was approved by the full House 86-8. The Senate Utilities Committee approved the measure, and it now moves to the full Senate for consideration.

- In the House on 2nd Reading this week, State Representative Cherish Pryor offered a couple of amendments to Senate Bill 247, legislation dealing with the streamlining of the regulatory process for the acquisition of small, often distressed water utilities (valued under \$3 million). These amendments would have created a one year freeze on utility rate increases or charging disconnection fees. Both amendments were ruled non-germane to the bill and were out of order.

Please see this week's updated tracking list for additional information on these and other pieces of legislation that are potentially continuing their journey through the legislative process.

FEDERAL UPDATE

General Federal Information

- Willie Phillips was named as the Chairman of the Federal Energy Regulatory Commission (FERC) after he served as acting chair for more than a year. Additionally, FERC Commissioner Allison Clements announced that she would not seek a second term at the agency. Commissioner Clements' term ends June 30th, but she could remain at FERC until the end of this Congressional session, which is expected to end on Jan. 3, 2025. At this time, FERC has just 3 commissioners and it looks like the Administration has no intention of nominating anyone before the November elections.
- On the Congressional front, the US House of Representatives continues to be mired in dysfunction. Compromise is elusive on most topics, notably on a foreign aid package to help Ukraine, Israel, and Taiwan that the Senate passed on a bipartisan vote. Speaker Johnson declared the proposal "dead on arrival" and will not hold a vote on it in the House.
- The US government funding fight is firing up again as the third Continuing Resolution (CR) that was passed on January 18th is set to expire next week. That third short-term CR

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funds the federal government in two tranches – four appropriations bills will expire March 1st and the remaining eight bills will expire March 8th. Stay tuned!

- There is a long list of Republican and Democrat Primary election candidates who have filed to run for most of Indiana's Congressional districts. On the Republican side alone in the 5th Congressional District, there are 11 candidates who are seeking the opportunity to run in the November general election! Eight Republicans are running in CD 8, as well as in CD 6. Only two incumbent members are running unopposed in their respective party primaries – Congressman Rudy Yakym (CD 2) and Congressman Frank Mrvan (CD 1).

Specific Federal Activity of Interest

- On February 14th, the House Energy & Commerce Committee Subcommittee on Energy, Climate, and Grid Security held a hearing titled, "Powered Up: State Utility Regulators on Challenges to Reliable, Affordable Electricity." The subcommittee heard testimony from four state utility officials including Indiana's very own Chairman of the IN Utility Regulatory Commission, Jim Huston. Chairman Huston talked about Indiana's national ranking in electricity rates, Indiana's shifting generation resource mix, and what he believes the impact will be to our state should the proposed EPA greenhouse gas emission rule be finalized in its current form. The other three regulators expressed similar concerns from their respective states.
 - Of note, two of IN's Congressional members - US Representatives Larry Bucshon and Greg Pence – sit on the subcommittee and took the opportunity to share their concerns regarding reliability and affordability with the panel of regulators. Congressman Pence specifically mentioned IMPA and the Whitewater Valley Station, which is located in his district, in his comments about the role of peaking plants in reliability.
- Earlier in February, US Representatives Mike Kelly (R-PA) and Chris Deluzio (D-PA) introduced H.R. 7171, the Distribution Transformer Efficiency and Supply Chain Reliability Act of 2024. This legislation is the House counterpart to S. 3627, introduced in late January by Senators Sherrod Brown (D-OH) and Ted Cruz (R-TX). These bills would amend the Energy Policy and Conservation Act (EPCA) to limit increases to federal efficiency standards for specific distribution transformers. Like the Senate bill, H.R. 7171 would amend EPCA to prohibit the Department of Energy (DOE) from finalizing any energy efficiency standards for liquid-immersed type, low voltage dry type, or medium voltage dry type distribution transformers that is greater than a trial standard level 2 (TSL 2). It also would require that those changes not take effect until 10 years after the standard is finalized. Setting an efficiency standard of TSL 2 would allow the main types of distribution transformers to continue using grain-oriented electrical steel (GOES) cores.

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**** Reminder ****

IN Public Power Fly-In
April 29, 2024 – May 1, 2024

IMPA is coordinating an IN Public Power Fly-In April 29th thru May 1st! Both the House and Senate are scheduled to be in Washington DC at that time.

Meeting with our members of Congress is extremely important and this will be a great opportunity to educate policymakers about IN Public Power. Mayors, Clerk-Treasurers, Councils, utility boards, utility personnel and others are encouraged to participate.

Tentative schedule:

April 29: Arrive DC, dinner at 6:00 p.m.
April 30: Meetings on Capitol Hill all day, dinner at 6:00 p.m.
May 1: Finish meetings on Capitol Hill, depart DC early afternoon

Hotel Information:

IMPA will not be hosting a room block for this fly-in. We recommend these hotels: The Hotel George (www.hotelgeorge.com), The Phoenix Park Hotel (www.phoenixparkhotel.com), and The Hilton Washington DC Capitol Hill (www.hiltonwashingtondc.guestreservations.com). IMPA staff will be staying at The George Hotel.

Please let Carolyn Wright (cwright@impa.com) know if you are planning to attend the IN Public Power Fly-In or if you have any questions!

