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# HOUSE BILL No. 1642

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 8-1-2-128; IC 8-1.3.

**Synopsis:** Sustainable energy. Establishes the sustainable energy institute to: (1) ensure that utility customers may participate in and benefit from sustainable energy programs; and (2) promote and implement sustainable energy programs. Establishes the sustainable energy board to monitor the progress of the institute in implementing sustainable energy programs. Requires energy utilities to contract with the institute to provide energy efficiency and demand side management services to customers. Allows an energy utility to recover costs associated with sustainable energy programs. Establishes the advanced sustainable energy research and development account in the state general fund to provide grants and loans for sustainable energy research and development projects. Requires the sustainable energy board to administer the account and consider applicants for grants and loans from the account.

**Effective:** Upon passage.

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### Pierce, Pelath

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January 19, 2005, read first time and referred to Committee on Utilities and Energy.

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First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

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## HOUSE BILL No. 1642



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

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

- 1 SECTION 1. IC 8-1-2-128 IS ADDED TO THE INDIANA CODE
- 2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
- 3 UPON PASSAGE]: **Sec. 128. (a) Notwithstanding any other law, an**
- 4 **energy utility (as defined in IC 8-1-2.5-2) shall provide the energy**
- 5 **utility's retail customers with the services of the sustainable energy**
- 6 **institute established by IC 8-1.3-4-1.**
- 7 **(b) An energy utility shall do the following:**
- 8 **(1) Contract with the institute for the institute's services. The**
- 9 **commission shall prescribe a standard form for a contract**
- 10 **under this subdivision and must approve a contract under this**
- 11 **subdivision.**
- 12 **(2) Pay the energy utility's proportionate share of the expense**
- 13 **of the services of the institute. The commission shall**
- 14 **determine the energy utility's proportionate share based on**
- 15 **the energy utility's share of retail energy use in Indiana.**
- 16 **(c) An energy utility shall pay the energy utility's proportionate**
- 17 **share of the expenses of the sustainable energy board established**



1 by IC 8-1.3-3-1. The commission shall determine the energy  
2 utility's proportionate share based on the energy utility's share of  
3 retail energy use in Indiana.

4 (d) The expenses of the sustainable energy board in a fiscal year  
5 equals the sum of:

6 (1) the budget of the board approved by the general assembly  
7 for the fiscal year; plus

8 (2) one hundred thousand dollars (\$100,000) designated for a  
9 contingency fund.

10 Expenses of the board include funding for the advanced sustainable  
11 energy research and development account established by  
12 IC 8-1.3-5-2. However, the funds provided by the board to the  
13 account may not exceed ten percent (10%) of the board's total  
14 annual budget under subdivision (1). An expenditure from the  
15 contingency fund described in subdivision (2) is subject to approval  
16 by the governor and the budget agency.

17 (e) An energy utility shall pay to the board twenty-five percent  
18 (25%) of the energy utility's annual share of the expenses of the  
19 board quarterly. However, an energy utility may pay one hundred  
20 percent (100%) of the energy utility's annual share of the expenses  
21 of the board at the beginning of the utility's fiscal year.

22 (f) The costs of the sustainable energy board and the services of  
23 the sustainable energy institute paid by an energy utility are  
24 allowable operating expenses for retail ratemaking purposes. An  
25 energy utility may petition the commission under IC 8-1-2-42 to  
26 recover the energy utility's expenses under this section through a  
27 tracking mechanism.

28 (g) Upon petition by an energy utility under subsection (f), the  
29 commission, after notice and hearing, shall allow an amount equal  
30 to ten percent (10%) of the net annual savings resulting to an  
31 energy utility's retail customers from the services of the institute,  
32 as calculated by the institute and approved by the commission, as  
33 an allowable increment to the energy utility's return for retail  
34 ratemaking purposes. An increment to return allowed under this  
35 subsection shall be instead of lost margin recovery or other means  
36 by which an energy utility may be compensated for any reduction  
37 resulting from programs established under IC 8-1.3.

38 SECTION 2. IC 8-1.3 IS ADDED TO THE INDIANA CODE AS A  
39 NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON  
40 PASSAGE]:

41 **ARTICLE 1.3. SUSTAINABLE ENERGY**

42 **Chapter 1. Purpose and Findings**

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**Sec. 1. The general assembly makes the following findings:**

- (1) A diverse portfolio of clean and reliable energy resources is critical to Indiana's economy and environmental and public health protection efforts.**
- (2) There is significant potential in Indiana for the deployment of sustainable energy resources, including end use energy efficiency improvements, renewable energy, and sustainable distributed technologies.**
- (3) Sustainable energy resources may be deployed in a quick and cost effective manner to assist in meeting Indiana's rising demand for energy in both the short and long term.**
- (4) Efficiency measures and decentralized sustainable sources of power can enhance the reliability of Indiana's electric and natural gas delivery systems.**
- (5) Sustainable energy resources can create jobs in many sectors of the economy and bolster Indiana's manufacturing base.**
- (6) Aggressive measures to deploy sustainable energy resources reduce volatility of fuel prices, including natural gas.**
- (7) Sustainable energy resources reduce overall energy costs.**
- (8) Deploying sustainable energy resources can ameliorate increasing environmental compliance costs.**
- (9) Despite the inherent public benefits of sustainable energy resources, institutional, behavioral, and economic barriers to deploying these resources exist.**
- (10) It is in the public interest for the state to encourage deployment of sustainable energy resources.**

**Sec. 2. The purpose of this article is to establish a statewide sustainable energy program to:**

- (1) overcome institutional, behavioral, and economic barriers to deployment of sustainable energy resources;**
- (2) realize the economic, environmental, public health, and system reliability benefits inherent in deploying sustainable energy resources; and**
- (3) provide Indiana citizens with a comprehensive and uniformly implemented set of sustainable energy initiatives.**

**Chapter 2. Definitions**

**Sec. 1. The definitions in this chapter apply throughout this article.**

**Sec. 2. "Account" refers to the advanced sustainable energy research and development account established by IC 8-1.3-5-2.**

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1           **Sec. 3. "Biomass" means any of the following:**

2           **(1) Closed loop biomass.**

3           **(2) Nonhazardous cellulosic waste material that:**

4               **(A) does not contain painted, treated, or pressurized wood**  
 5               **or wood contaminated with plastics or metals;**

6               **(B) is segregated from other waste materials; and**

7               **(C) is derived from forest related resources, including:**

8                   **(i) mill residues;**

9                   **(ii) precommercial thinnings;**

10                  **(iii) slash; and**

11                  **(iv) brush, except old growth timber, black liquor, and**  
 12                  **materials from national forests unless the materials are**  
 13                  **in the form of paper mill waste.**

14           **(3) Waste pallets, crates, dunnage, and landscape or**  
 15           **right-of-way trimmings, except municipal solid waste, post**  
 16           **consumer wastepaper, construction debris, and demolition**  
 17           **debris.**

18           **(4) Agricultural byproducts, including byproducts from:**

19                  **(A) orchards;**

20                  **(B) vineyards;**

21                  **(C) grain;**

22                  **(D) legumes;**

23                  **(E) sugar; or**

24                  **(F) other crops.**

25           **(5) Gases from municipal wastewater.**

26           **Sec. 4. "Board" refers to the sustainable energy board**  
 27           **established by IC 8-1.3-3-1.**

28           **Sec. 5. "Central station facility" means:**

29                  **(1) a baseload;**

30                  **(2) an intermediate; or**

31                  **(3) a peaking;**

32           **electric power generating facility that is used to generate electricity**  
 33           **primarily for the wholesale or retail electric markets.**

34           **Sec. 6. "Closed loop biomass" means organic material from a**  
 35           **plant that is planted exclusively to be used to produce electricity.**

36           **Sec. 7. "Commission" refers to the Indiana utility regulatory**  
 37           **commission created by IC 8-1-1-2.**

38           **Sec. 8. (a) "Distributed energy resource" means:**

39                  **(1) end use energy efficiency improvements; or**

40                  **(2) electricity that primarily serves a customer's load and is**  
 41                  **produced from:**

42                   **(A) renewable energy resources;**

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- 1                   **(B) microturbines;**
- 2                   **(C) internal combustion engines;**
- 3                   **(D) Stirling engines;**
- 4                   **(E) combined heat and power systems; or**
- 5                   **(F) district energy systems.**

6           **(b) The term does not include the following:**

- 7                   **(1) A central station facility.**
- 8                   **(2) Electric power generators that use:**
  - 9                   **(A) diesel fuel, except biodiesel;**
  - 10                   **(B) fuel oil;**
  - 11                   **(C) gasoline;**
  - 12                   **(D) nuclear fuel; or**
  - 13                   **(E) coal.**

14           **Sec. 9. "Energy utility" has the meaning set forth in**  
15 **IC 8-1-2.5-2.**

16           **Sec. 10. (a) "End use energy efficiency improvement" means the**  
17 **use or installation of a device, method, or project on the customer**  
18 **side of an energy utility metering device that reduces electrical or**  
19 **natural gas energy usage.**

20           **(b) The term includes the following:**

- 21                   **(1) Home weatherization.**
- 22                   **(2) Appliance efficiency modifications or replacements.**
- 23                   **(3) Motor efficiency modifications or replacements.**
- 24                   **(4) Lighting efficiency modifications.**
- 25                   **(5) Heating or air conditioning modification or replacements.**
- 26                   **(6) Systems, including thermostats, lighting controls, and**  
27 **operational controls, to turn off or vary the delivery of**  
28 **energy.**
- 29                   **(7) Building designs with the purpose of achieving end use**  
30 **energy reductions.**

31           **Sec. 11. "Gas distribution company" means a corporation, a**  
32 **company, a partnership, a limited liability company, an individual,**  
33 **an association of individuals, or a lessee, trustee, or court approved**  
34 **receiver of an entity described in this section that distributes**  
35 **natural gas to retail customers.**

36           **Sec. 12. "Institute" refers to the sustainable energy institute**  
37 **established by IC 8-1.3-4-1.**

38           **Sec. 13. "Renewable energy" means energy derived from any of**  
39 **the following sources:**

- 40                   **(1) Solar photovoltaic and solar thermal energy.**
- 41                   **(2) Wind.**
- 42                   **(3) Fuel cells.**

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- 1           (4) Geothermal energy conversion.
- 2           (5) Biomass.
- 3       Sec. 14. "Sustainable energy" means:
- 4           (1) an end use efficiency improvement;
- 5           (2) renewable energy; or
- 6           (3) a distributed energy resource.
- 7       Chapter 3. Sustainable Energy Board
- 8       Sec. 1. The sustainable energy board is established.
- 9       Sec. 2. (a) The board consists of the following members:
- 10           (1) The lieutenant governor or the lieutenant governor's
- 11           designee.
- 12           (2) The chairman of the commission or the chairman's
- 13           designee.
- 14           (3) The utility consumer counselor or the utility consumer
- 15           counselor's designee.
- 16           (4) Two (2) members of the senate, who may not be of the
- 17           same political party, appointed by the president pro tempore
- 18           of the senate.
- 19           (5) Two (2) members of the house of representatives, who may
- 20           not be of the same political party, appointed by the speaker of
- 21           the house of representatives.
- 22           (6) Eighteen (18) members appointed by the governor as
- 23           follows:
- 24                (A) One (1) representative of public or private universities
- 25                in Indiana. The member appointed under this clause must
- 26                have building design expertise.
- 27                (B) One (1) representative of investor owned electric
- 28                utilities.
- 29                (C) One (1) representative of investor owned gas
- 30                distribution utilities.
- 31                (D) One (1) representative of statewide municipal utility
- 32                organizations.
- 33                (E) Two (2) representatives of statewide rural electric
- 34                cooperative organizations.
- 35                (F) One (1) representative of EnergyStar appliance
- 36                manufacturers.
- 37                (G) One (1) representative of a statewide business
- 38                organization.
- 39                (H) One (1) representative of an energy service company
- 40                that is not a subsidiary of an investor owned electric or gas
- 41                distribution utility.
- 42                (I) One (1) representative of an energy service company

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- 1 that is a subsidiary of an investor owned electric or gas  
 2 distribution utility.
- 3 (J) One (1) representative of a statewide consumer  
 4 organization that represents low income and residential  
 5 utility ratepayers.
- 6 (K) One (1) representative of a statewide environmental  
 7 organization.
- 8 (L) One (1) representative of a statewide electric or sheet  
 9 metals contractors organization.
- 10 (M) One (1) representative of a statewide heating and air  
 11 conditioning installation organization.
- 12 (N) One (1) representative of a labor organization from the  
 13 heating and air conditioning industry.
- 14 (O) One (1) representative of a labor organization from the  
 15 electrical construction industry.
- 16 (P) One (1) representative of a statewide home  
 17 construction association.
- 18 (Q) One (1) representative of a statewide public health  
 19 organization.
- 20 (b) Except as provided in section 5 of this chapter, a member  
 21 described in subsection (a)(1) through (a)(5) is a nonvoting  
 22 member.
- 23 (c) The appointments made by the governor under subsection  
 24 (a)(6) must be made in accordance with recommendations  
 25 provided by the organizations described in subsection (a)(6).
- 26 Sec. 3. (a) Members of the board must be appointed not more  
 27 than sixty (60) days after the board is established. Except as  
 28 provided in subsection (b), each member appointed under section  
 29 2(a)(6) of this chapter serves a term of four (4) years beginning on  
 30 the date of the member's appointment and until the member's  
 31 successor is appointed.
- 32 (b) The governor shall prescribe the terms of the members  
 33 initially appointed under section 2(a)(6) of this chapter so that the  
 34 terms are staggered. After the initial appointments under section  
 35 2(a)(6) of this chapter, a member appointed by the governor serves  
 36 a term of four (4) years and until the member's successor is  
 37 appointed.
- 38 (c) The governor shall fill a vacancy on the board under section  
 39 2(a)(6) of this chapter not more than thirty (30) days after the  
 40 vacancy occurs. A person appointed to fill a vacancy shall serve the  
 41 remainder of the term of the board member the person replaces.
- 42 Sec. 4. (a) A member of the board who is not a state employee is

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1 not entitled to the minimum salary per diem provided by  
2 IC 4-10-11-2.1(b). The member is, however, entitled to  
3 reimbursement for travel expenses as provided in IC 4-13-1-4 and  
4 other expenses actually incurred in connection with the member's  
5 duties as provided in the state policies and procedures established  
6 by the Indiana department of administration and approved by the  
7 budget agency.

8 (b) A member of the board who is a state employee but who is  
9 not a member of the general assembly is not entitled to  
10 compensation.

11 (c) A member of the board who is a member of the general  
12 assembly is entitled to receive the same per diem, mileage, and  
13 travel allowances paid to legislative members of interim study  
14 committees established by the legislative council. Per diem,  
15 mileage, and travel allowances paid under this subsection are paid  
16 from appropriations made to the legislative council or the  
17 legislative services agency.

18 **Sec. 5.** The governor shall appoint one (1) member of the board  
19 appointed under section 2(a)(1) through 2(a)(5) of this chapter to  
20 serve as chairperson. The chairperson shall do the following:

- 21 (1) Act as executive and operating officer of the board.
- 22 (2) Determine the time and place of meetings.
- 23 (3) Preside at meetings.
- 24 (4) Implement the policies of the board.
- 25 (5) Perform all other duties and functions assigned by the  
26 board or by law.

27 The chairperson may vote on any matter before the board only to  
28 break a tie vote.

29 **Sec. 6. (a)** The board shall meet at least quarterly.

30 (b) The meetings of the board shall be open to the public under  
31 IC 5-14-1.5.

32 (c) The board shall give notice of a board meeting in accordance  
33 with IC 5-14-1.5-5(b) at least fourteen (14) days before the meeting.

34 (d) The board shall give a person who attends a public meeting  
35 of the board an adequate opportunity to comment through the oral  
36 or written presentation of facts or argument.

37 (e) The board shall maintain and make available for public  
38 inspection written comments submitted to the board.

39 (f) A majority of the voting members of the board constitutes a  
40 quorum for doing business. Except as otherwise provided by law,  
41 the affirmative vote of a majority of the voting members present is  
42 necessary for the passage of any matter put to a vote.

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1 (g) The board shall establish procedures and requirements  
2 governing the conduct of the board's meetings.

3 Sec. 7. (a) The board shall do the following:

4 (1) Assess the progress of the sustainable energy institute  
5 established by IC 8-1.3-4-1 in implementing this article.

6 (2) Hire a director for the institute under IC 8-1.3-4-2(d).

7 (3) Provide a forum for discussing matters concerning  
8 implementation of this article.

9 (4) Receive public complaints and inquiries concerning the  
10 implementation of this article.

11 (5) Review the annual report submitted by the institute under  
12 IC 8-1.3-4-8.

13 (6) Subject to section 8 of this chapter, receive, expend, and  
14 account for funds of the board, including money made  
15 available to the institute.

16 (7) Apply for and accept gifts and grants made for the  
17 purposes of this article. Gifts and grants received under this  
18 subdivision must be administered as public money.

19 (8) Appoint a program liaison to:

20 (A) staff the board; and

21 (B) assess the operations and progress of the institute.

22 (9) Approve disbursements from the advanced sustainable  
23 energy research and development account established by  
24 IC 8-1.3-5-2.

25 (b) The board, on the board's own initiative or at the request of  
26 any person, may direct the institute to study and formulate  
27 recommendations on particular issues concerning the  
28 implementation of this article.

29 Sec. 8. (a) The board shall appoint a fiscal agent to receive and  
30 disburse funds of the board, including funds made available to the  
31 institute.

32 (b) Expenses of the board shall be charged and paid for in the  
33 manner provided by IC 8-1-2-128.

34 Chapter 4. Sustainable Energy Institute

35 Sec. 1. The sustainable energy institute is established.

36 Sec. 2. (a) The board shall appoint a university or nonprofit  
37 entity located in Indiana to house and operate the institute.

38 (b) The board shall:

39 (1) develop criteria to select a university or nonprofit entity to  
40 house and operate the institute; and

41 (2) adopt guidelines to govern the application and selection  
42 process, including the development of an application form.

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1 (c) A university or nonprofit corporation shall submit with its  
2 application form a statement indicating the types of services,  
3 programs, and priorities related to sustainable energy that the  
4 institute will offer.

5 (d) After selecting a university or nonprofit corporation to  
6 house and operate the institute, the board shall hire a person,  
7 qualified by appropriate experience and knowledge of sustainable  
8 energy resources, to serve as the director of the institute. The  
9 director shall manage, supervise, and control the affairs of the  
10 institute. The director's compensation shall be set by the board.

11 Sec. 3. (a) The institute shall promote the implementation of  
12 sustainable energy technologies and measures in Indiana. The  
13 institute shall do the following to fulfill its duties under this article:

14 (1) Develop comprehensive and uniform sustainable energy  
15 programs to be implemented in all gas and electric utility  
16 service areas throughout Indiana.

17 (2) Ensure that all Indiana electric and gas utility ratepayers  
18 are given the opportunity to participate in and benefit from  
19 comprehensive sustainable energy programs and initiatives  
20 designed to overcome barriers to implementation.

21 (3) Ensure that resources used to implement programs  
22 developed by the board and the institute are distributed  
23 equitably throughout Indiana based on:

- 24 (A) customer classes;
  - 25 (B) geographic regions; and
  - 26 (C) gas and electric utility service areas.
- 27 (4) Coordinate programs established under this article with:
- 28 (A) low income weatherization programs;
  - 29 (B) state or federal energy efficiency and renewable energy  
30 programs;
  - 31 (C) other state agencies as appropriate; and
  - 32 (D) other efficiency and renewable energy programs  
33 approved by the board.

34 (5) Take any other actions necessary to carry out the purposes  
35 of this article.

36 (b) The institute shall track its progress in meeting its  
37 obligations under subsection (a) and report to the board at least  
38 annually and upon request.

39 (c) The institute may enter into contracts with public and  
40 private entities to implement this article.

41 Sec. 4. (a) The institute shall make the following programs and  
42 services available to the public and to energy utilities:

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- (1) Initiatives to educate businesses, policymakers, and the public about the benefits of sustainable energy resources.**
- (2) Programs to assist commercial and industrial energy consumers in making sustainable energy purchases when replacing or remodeling existing equipment and facilities.**
- (3) Programs to assist and train energy auditors.**
- (4) Programs to assist commercial and industrial energy consumers in taking advantage of opportunities to gain energy savings through incremental investments during construction of new facilities.**
- (5) Programs to allow eligible commercial and industrial customers, subject to criteria developed by the institute, to implement sustainable energy measures on their own premises and receive partial refunds of their contributions to the advanced sustainable energy research and development account established by IC 8-1.3-5-2.**
- (6) Programs that use a combination of cash incentives, energy ratings, technical assistance, education, direct installation of energy efficiency measures, energy efficient mortgages, and strategic partnerships to introduce high efficiency technologies and building practices into Indiana.**
- (7) Programs that:**
  - (A) target low income families;**
  - (B) build on Indiana's weatherization program for single family homes; and**
  - (C) provide technical assistance, education, and direct installation of energy efficiency measures for multiple family units.**
- (8) Programs to transform the market for end use energy efficiency improvements in terms of the mix of products and in consumer choices through a combination of incentive programs, marketing, and coordination with vendors and market participants, including high efficiency residential lighting products and home appliances.**
- (9) Programs that provide incentives for, or engage in, research and activities supporting new sustainable energy technologies and applications.**
- (10) Programs and initiatives developed by other organizations and parties that contribute to fulfilling the institute's mission and duties under this article.**
- (11) Programs to analyze and evaluate the need for changes to building codes in terms of energy efficiencies and savings**

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- benefits.
- (12) Programs to analyze and evaluate barriers to deploying distributed resources.
- (13) Initiatives to promote the use of renewable resources by Indiana consumers and businesses.
- (14) Initiatives to promote the development of renewable energy resources and businesses in Indiana.
- (15) Initiatives to improve the reliability of electric transmission and distribution systems through the use of distributed energy resources.
- (16) Other programs and initiatives designated by the board.
- (b) The institute shall develop and submit to the board a five (5) year plan for meeting the goals and purposes of this article.
- Sec. 5. A program or initiative developed by the institute supersedes and replaces any efficiency and demand side management program sponsored or initiated by an energy utility.
- Sec. 6. (a) The state board of accounts shall annually audit the institute.
- (b) The institute shall pay the full costs of the audit required by subsection (a).
- Sec. 7. Debts incurred by the institute under this article do not constitute a debt of the state within the meaning of the Constitution of the State of Indiana or Indiana law.
- Sec. 8. (a) The institute shall submit a report before July 1 of each year to the governor, the board, and, in an electronic format under IC 5-14-6, the legislative council.
- (b) A report submitted under subsection (a) must include the following:
  - (1) A statement of the institute's revenues by source and expenditures by purpose.
  - (2) Statistics relevant to the programs and operations of the institute.
  - (3) A description of the institute's goals, legal responsibilities, and accomplishments.
  - (4) An assessment of renewable energy markets and of the potential for the implementation of energy efficiency improvements and renewable energy in Indiana.
  - (5) Suggestions for legislation and the rationale for the suggestions.
  - (6) The progress in carrying out the plan required by section 4(b) of this chapter.
  - (7) Any comments or proposals that a board member gives to

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- 1 the director of the institute to include in the report.
- 2 (8) Reductions in demand or in growth of demand for
- 3 electricity and natural gas as a result of sustainable energy
- 4 technologies implemented under this article.
- 5 (9) Savings to customers as a result of demand reductions.
- 6 (10) Deployment of sustainable energy technologies.
- 7 (11) Any other matter the institute wishes to bring to the
- 8 attention of the governor, the board, and the legislative
- 9 council.

10 (c) The institute shall conduct a meeting to receive comments  
 11 from interested parties concerning the report required under  
 12 subsection (a) before the report is submitted to the governor, the  
 13 board, and the legislative council.

14 Sec. 9. The assessment required by section 8(b)(4) of this  
 15 chapter must include the following:

- 16 (1) Short term and long term energy costs.
- 17 (2) An analysis of the barriers to and potential of sustainable
- 18 energy resources in Indiana and the region.
- 19 (3) An estimate of existing investments in sustainable energy
- 20 resources in Indiana.
- 21 (4) An estimate of probable future market driven investments
- 22 in sustainable energy resources in Indiana.
- 23 (5) A recommendation concerning the optimal extent, size,
- 24 mix, and general location of sustainable energy resources to
- 25 achieve maximum efficiencies and benefits for the citizens of
- 26 Indiana.
- 27 (6) Societal costs and benefits of sustainable energy, including
- 28 the following:
  - 29 (A) Impact on electric and natural gas system reliability.
  - 30 (B) Impact on public health costs.
  - 31 (C) Impact on environmental quality and cost savings to
  - 32 the citizens of Indiana.
  - 33 (D) Impact on competitive electric and natural gas
  - 34 markets.
  - 35 (E) Impact on economic growth, including employment
  - 36 opportunities.
  - 37 (F) Other issues the institute considers relevant.

38 Sec. 10. (a) The fiscal agent appointed by the board under  
 39 IC 8-1.3-3-8 shall receive and disburse funds of the institute.

- 40 (b) Expenses incurred by the institute shall be paid for:
  - 41 (1) in the manner provided by IC 8-1-2-128;
  - 42 (2) from appropriations to the institute from any source;

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- 1 (3) from grants, gifts, and donations, from public or private
- 2 sources, that are designated for use by the institute;
- 3 (4) from interest that accrues from funds received by the
- 4 institute; or
- 5 (5) from any combination of subdivisions (1) through (4).

6 Chapter 5. Advanced Sustainable Energy Research and  
7 Development Account

8 Sec. 1. As used in this chapter, "qualified entity" means:

- 9 (1) a business;
- 10 (2) a business organization;
- 11 (3) an educational institution; or
- 12 (4) a research institution;

13 located in Indiana.

14 Sec. 2. (a) The advanced sustainable energy research and  
15 development account is established in the state general fund to  
16 support sustainable energy research and development projects  
17 through grants and loans to qualified entities. The account shall be  
18 administered by the board.

19 (b) The account consists of:

- 20 (1) funding provided by the board under IC 8-1-2-128(d); and
- 21 (2) money from any other source, including gifts and grants,  
22 investment earnings, and money appropriated to the account  
23 by the general assembly or any other source.

24 (c) The board's expenses in administering the account shall be  
25 paid from money in the account.

26 (d) The treasurer of state shall invest the money in the account  
27 not currently needed to meet the obligations of the account in the  
28 same manner as the treasurer may invest other public funds.

29 (e) Money in the account at the end of a state fiscal year does not  
30 revert to the state general fund.

31 Sec. 3. A qualified entity may apply to the board for a grant or  
32 loan from the account to be used for a sustainable energy research  
33 and development project. The board shall prescribe an application  
34 form to be used by qualified entities that apply for funds under this  
35 section. An application under this section must include:

- 36 (1) A fully elaborated technical or business plan for the  
37 project proposed. A plan submitted under this subdivision  
38 must be appropriate for review by outside experts.
- 39 (2) A detailed financial analysis of the project, including the  
40 commitment of resources by other entities that will be  
41 involved in the project.
- 42 (3) A statement of the economic development potential of the

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**project, such as:**

**(A) a statement of the way in which support from the fund will lead to significantly increased funding from federal or private sources and from private sector research partners; and**

**(B) a projection of the number and types of jobs to be created, if applicable.**

**(4) The identity, qualifications, and obligations of the applicant.**

**(5) Any other information the board considers appropriate.**

**Sec. 4. In making a determination on awarding a grant or loan under this chapter, the board shall be advised by a peer review panel described in section 5 of this chapter and shall consider the following:**

**(1) The ability of the project to transfer research and technology into a marketable sustainable energy product.**

**(2) The predicted future success of federal or private funding for the project.**

**(3) The extent to which the project evidences interdisciplinary or interinstitutional collaboration among two (2) or more Indiana institutions of higher education or private sector partners, as well as cost sharing and partnership support from the business community.**

**Sec. 5. The board shall contract with the Indiana twenty-first century research and technology fund board established by IC 4-4-5.1-6 to establish a peer review panel to:**

**(1) review sustainable energy research and development project proposals submitted to the board under this chapter; and**

**(2) make recommendations to the board on the proposals reviewed under subdivision (1).**

**The requirements for establishing a peer review panel under IC 4-4-5.1-5(d) apply to a peer review panel established under this section.**

**SECTION 3. An emergency is declared for this act.**

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