

House Bill 1377 (HB 1377) removes major portions of an existing statute some put in place in the 1980's and others as recently as 2014. The language inserted into the law in the 1980's balances the risk of building something as significant as a new power plant with customer's need for energy from low cost source and for certainty. Customers have long benefitted from this language because it allows everyone, in an open and transparent proceeding before the IURC, to assess a utility's plan for serving customer needs by building new generation or by making significant modifications to an existing power plant. Additionally, the proposed changes would place greater risks on utilities increasing costs of financing and hence costs to customers by allowing second guessing of decisions.

Beyond this, HB 1377 dramatically changes provisions placed into law in 2014 with House Enrolled Act 1162 (HB 1162). A comparison of the law enacted in 2014 and this bill shows the following.

| Competitive Procurement | |
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| House Enrolled Act 1162 - 2014 | House Bill 1377 - 2016 |
| Allows Utilities to make the decision on new generating resources needed to serve customers <ul style="list-style-type: none"> • Subject to IURC Review and Approval • Requires full legal proceeding where all parties can be involved • Parties challenge the utility's plan with IURC approval or disapproval proposal. | Same |
| Transparency: All utility records and information is provided in an IURC proceeding except that specific pricing may be confidential. | Grants full trade secret/confidentiality protection to bidders' proposals. |
| Competitive Bidding Processes: Requires the cost estimate for a utility proposed generating addition to be based upon competitive bidding to the "extent commercially practicable" | Removes this provision. |
| Requires consideration of reliability | Removes this provision which might limit reliability for all customers because utilities can no longer base decisions on reliability. |
| Requires IURC consideration whether the utility solicited purchased power | Mandates bids from "alternative resources that are reasonably capable of generating the electric capacity required" by the utility <ul style="list-style-type: none"> • This creates enormous risk for customers of "reasonably capable" being interpreted without regard for the obligation to serve customers. |
| Allows utilities to seek bids which help assess the best options for customers | Mandates IURC rules for seeking bids which may limit consideration of how to serve customers. <ul style="list-style-type: none"> • E.g., a firm bid could be required where the bidder assumes all risk of a cost overrun, greatly inflating costs customers will pay. |

In addition, under HB 1377, once the IURC approves a Purchase Power Agreement, similar to those often used to buy renewable energy resources like wind or solar, HB 1377 appears to allow an annual review of whether the contract is appropriate. This will limit the use of a PPA and possibly the amount of renewable energy which a utility includes in serving its customers.