



## NIPSCO GenCo decision threatens competitive energy landscape

Emily Piontek • Nov. 20, 2025

Indiana hosts dozens of operational data centers, in part due to the state's ample energy supply. Several Indiana electric utilities are implementing new strategies to serve this energy-intensive industry. The recently approved NIPSCO GenCo construct is one of these approaches.

Clean Grid Alliance opposes "GenCo" because it **creates an anti-competitive business environment, favors two affiliated companies, and undermines the regulatory process**, unlike approaches modeled by other Indiana utilities.

In late September, the Indiana Utility Regulatory Commission (IURC) [approved a non-unanimous settlement agreement](#) allowing GenCo to operate as a "generation-only" utility. GenCo will not produce power for retail customers. Instead, on behalf of Northern Indiana Public Service Company (NIPSCO), GenCo will procure energy to serve all new large customers of NIPSCO (including data centers). While these large energy users are technically NIPSCO's customers, NIPSCO will contract with GenCo for the power needed to serve those loads rather than self-procure it. GenCo agreed to limit its power procurements to the energy and capacity needed by NIPSCO's large customers, but GenCo is allowed to sell excess on the wholesale power market, per the terms of the [Final Order](#) in the case. GenCo was originally granted eminent domain authority in that order, but the IURC eliminated that permission in [an amended order](#) by petition of the Indiana consumer counsel.

In addition to enjoying **guaranteed demand for its services** (from NIPSCO's large customers) and a **guaranteed buyer of its electricity procurements** (NIPSCO), GenCo will also enjoy **an expedited, abbreviated approval process** for any generating projects. Finally, GenCo is **not rate-regulated**, so the IURC will not have oversight of GenCo's returns.

For these reasons, CGA opposed the GenCo construct, which lacks any commitment to clean energy, competitive processes, or transparency on consumer protections.

The current load-growth era presents significant business opportunities for independent power producers, and CGA is supportive of approaches that [ensure a level playing field](#) for independent power producers and clean energy, like those being implemented by Duke Energy Indiana and Indiana Michigan Power Company. These feature clean energy or a commitment to developing a clean energy program, follow established regulatory standards, build upon emerging best practices related to the industry, and contribute to the state's economic development goals while adhering to fair wholesale power market principles, thus differing fundamentally from the NIPSCO-GenCo approach.

## How does GenCo compare to the other utility approaches in Indiana?

In June 2024, **Duke Energy** [was authorized to proceed with a long-term contract to serve Meta's \\$800M data center](#) in Jeffersonville, Indiana. Duke will contract with independent power producers for clean energy to power the data center. If the renewable output is insufficient, Duke will purchase the difference from the wholesale power market. Meta will pay Duke for market purchases at cost and for the renewable energy at an agreed-upon special rate. The renewable resources will not be considered "system resources" for Duke's long-term planning purposes or resource adequacy requirements. This approach largely isolates the energy demand from Meta's data center and protects other customers from

cross-subsidizing Meta's demand.

In February 2025, I&M [was authorized to tailor an existing tariff](#) to the unique requirements of data centers. To serve their load, I&M will combine self-generation, power purchase agreements, and market purchases, as for other customers. Data centers will pay minimum monthly charges that include energy and capacity costs, fixed system costs, and discrete transmission costs at rates approved by regulators. The tariff established baseline protections against risks associated with data centers: minimum contract terms, exit fees for reduced demand reductions or operations ceased early, and proof of financial security. Finally, I&M agreed to pursue a voluntary clean energy program for customers on the tariff.

## Opportunities for clean energy

As of November 20, GenCo has yet to announce any plans to build clean energy to meet its load. Instead, GenCo and NIPSCO filed their first joint application for approval of a special contract with a data center customer and a power purchase agreement on November 4, [featuring an investment of more than \\$6 billion and new gas plants](#).

The world's leading data center companies are eyeing Indiana. At the same, these companies are making efforts to decarbonize their operations. While the full impact of these constructs on utilities, large customers, and ratepayers is still unknown, one thing is clear: CGA's member companies are developing cost-competitive wind, solar, and energy storage, resources which are the [fastest to deploy](#), drive economic development, and are primed to help Indiana communities thrive during this period of load growth.