

1 STATE OF OKLAHOMA

2 2nd Session of the 52nd Legislature (2010)

3 COMMITTEE SUBSTITUTE  
4 FOR

5 SENATE BILL NO. 1622

6 By: Myers

7 COMMITTEE SUBSTITUTE

8 An Act relating to renewable electric energy;  
9 creating the Oklahoma Renewable Energy Standards Act;  
10 providing short title; stating legislative findings;  
11 defining terms; stating goals for retail electric  
12 energy providers' use of renewable energy by certain  
13 dates; stating goal of renewable energy generation  
14 capacity by certain date; stating exception;  
15 authorizing the Corporation Commission to allow  
16 recovery of reasonable costs; urging Commission to  
17 create certain incentives; requiring retail energy  
18 providers to provide certain annual report; requiring  
19 Commission to distribute certain information to  
20 Legislature; authorizing certain entity to make  
21 recommendations to Corporation Commission;  
22 authorizing Commission to promulgate rules; providing  
23 for codification; providing an effective date; and  
24 declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified  
in the Oklahoma Statutes as Section 157.1 of Title 17, unless there  
is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Oklahoma  
Renewable Energy Standards Act".

1           SECTION 2.           NEW LAW           A new section of law to be codified  
2 in the Oklahoma Statutes as Section 157.2 of Title 17, unless there  
3 is created a duplication in numbering, reads as follows:

4           The Legislature finds that:

5           1. It is the goal of this state to develop a balanced electric  
6 generation portfolio utilizing energy efficiency, renewable energy  
7 and Oklahoma's abundant natural resources in a cost-effective manner  
8 to benefit our state's citizens;

9           2. Energy efficiency and demand-management are important  
10 components of a balanced electric generation portfolio;

11           3. Increasing energy efficiency and developing renewable  
12 energy, in conjunction with the use of our state's natural  
13 resources, will result in significant economic benefit to the  
14 citizens of this state;

15           4. Retail electric energy providers under the jurisdiction of  
16 the Corporation Commission should be allowed to recover their  
17 reasonable costs incurred to procure or generate energy necessary to  
18 meet the goals as provided in this act;

19           5. Retail electric energy providers under the jurisdiction of  
20 the Corporation Commission should be given incentives to go beyond  
21 the minimum goals of this act;

22           6. Retail electric energy providers should not be required to  
23 acquire energy from renewable energy resources if doing so will  
24 result in unreasonable cost increases to consumers; and

1       7. This state has considerable quantities of natural gas that  
2 provides a support base for the development of renewable energy and  
3 energy efficiency at a reasonable price.

4       SECTION 3.       NEW LAW       A new section of law to be codified  
5 in the Oklahoma Statutes as Section 157.3 of Title 17, unless there  
6 is created a duplication in numbering, reads as follows:

7       As used in the Oklahoma Renewable Energy Standards Act:

8       1. "Commission" means the Oklahoma Corporation Commission;

9       2. "Demand-side management" means the management of customer  
10 consumption of electricity, or the demand for electricity, through  
11 the implementation of:

12       a. load management or demand resource technologies,  
13 management practices or other strategies in  
14 residential, commercial, industrial, institutional or  
15 government customers that shift electric loads from  
16 periods of higher demand to periods of lower demand,  
17 or

18       b. industrial by-product technologies consisting of the  
19 use of a by-product from an industrial process,  
20 including the reuse of energy from exhaust gases or  
21 other manufacturing by-products that are used in the  
22 direct production of electricity at the facility of a  
23 customer;

24

1        3. "Distributed generation" means generation from an eligible  
2 renewable energy resource as set forth in this section where the  
3 generating facility or any integrated cluster of such facilities has  
4 a generating capacity of not more than five (5) megawatts;

5        4. "Energy efficiency" means technologies, management practices  
6 or other strategies in residential, commercial, institutional or  
7 government customers that reduce electricity use by those consumers;

8        5. "Renewable energy resource" means:

- 9            a. wind,
- 10           b. solar thermal sources,
- 11           c. photovoltaic cells and panels,
- 12           d. hydropower,
- 13           e. geothermal,
- 14           f. biomass resources such as agriculture or animal waste,
- 15           g. municipal solid waste combustion,
- 16           h. methane from landfills or from wastewater treatment,
- 17           i. dedicated crops grown for energy production,
- 18           j. cellulosic agricultural residues,
- 19           k. plant residues,
- 20           l. fuel cells using hydrogen produced by one of the  
21           above-named renewable energy resources,
- 22           m. energy efficiency,
- 23           n. demand-side management,
- 24           o. distributed generation, and

1           p.    other sources of energy that become available after  
2                    the effective date of this act, and that are certified  
3                    as renewable by the Commission;

4           6.    "Retail electric energy provider" means any person firm,  
5    corporation, partnership, limited liability company, association or  
6    cooperative corporation engaged in furnishing retail electric  
7    service.  Municipal corporations and beneficial trusts are retail  
8    electric energy providers for purposes of this act; and

9           7.    "Retail electric service" means the delivery of electricity  
10   to a consumer for ultimate consumption, but does not include  
11   wholesale electric energy furnished by an electric supplier to  
12   another electric supplier for resale.

13           SECTION 4.       NEW LAW       A new section of law to be codified  
14   in the Oklahoma Statutes as Section 157.4 of Title 17, unless there  
15   is created a duplication in numbering, reads as follows:

16           A.    It shall be the goal of this state that each retail electric  
17   energy provider doing business in this state shall, through owned  
18   generation, power purchase contracts, or other necessary measures,  
19   develop renewable energy resources of not less than fifteen percent  
20   (15%) of the retail electric energy provider's total capacity  
21   required to serve the peak load of its retail customers by 2015.

22           B.    Additionally, it shall be the goal of this state to achieve  
23   renewable energy resource generation capacity in this state of five  
24   thousand (5,000) megawatts of electricity by 2015.

1 C. Existing renewable energy resource generation capacity shall  
2 be counted toward all goals referenced in this section. However,  
3 demand-side management and energy efficiency development achieved  
4 prior to the effective date of this act shall not be counted toward  
5 meeting the goals established in this section.

6 D. Renewable energy generation capacity shall be measured by  
7 name plate capacity and counted in the year the capacity is  
8 completed and operational.

9 E. Demand-side management may be credited for up to twenty-five  
10 percent (25%) of the goals established in this section.

11 SECTION 5. NEW LAW A new section of law to be codified  
12 in the Oklahoma Statutes as Section 157.5 of Title 17, unless there  
13 is created a duplication in numbering, reads as follows:

14 A. The Corporation Commission is encouraged to allow retail  
15 electric energy providers under its jurisdiction to recover  
16 reasonable costs incurred to meet the goals set forth in Section 4  
17 of this act.

18 B. In addition to recovering reasonable costs incurred, the  
19 Commission shall consider allowing a performance incentive to retail  
20 electric energy providers under its jurisdiction that meet or exceed  
21 the goals set forth in subsection A of Section 4 of this act. Such  
22 performance incentive, if granted, shall be shared with consumers  
23 through a method established by the Commission.

24

1 C. When implementing the goals as provided in this act, the  
2 Commission and retail electric energy providers shall consider the  
3 impact of investment in renewable energy resources on residential,  
4 commercial and industrial consumer rates and overall system  
5 reliability.

6 SECTION 6. NEW LAW A new section of law to be codified  
7 in the Oklahoma Statutes as Section 157.6 of Title 17, unless there  
8 is created a duplication in numbering, reads as follows:

9 A. Retail electric energy providers shall annually report on  
10 their progress towards achieving the renewable energy standard goals  
11 set forth in subsection A of Section 4 of this act. Such report  
12 shall be submitted annually to the Corporation Commission.

13 B. The Commission shall compile the information provided to it  
14 as required in subsection A of this section and report, annually, to  
15 the chairs of the Senate and House of Representatives committees  
16 with jurisdiction over energy and utility policy issues as to the  
17 progress of retail electric suppliers in achieving the goals set  
18 forth in this act. The Commission's report shall also include any  
19 recommendations for regulatory or legislative action deemed  
20 necessary to achieve the goals of this act. The Commission's report  
21 shall be submitted by January 15 of each year.

22 SECTION 7. NEW LAW A new section of law to be codified  
23 in the Oklahoma Statutes as Section 157.7 of Title 17, unless there  
24 is created a duplication in numbering, reads as follows:

1           A. The Oklahoma Clean Energy Independence Commission, created  
2 pursuant to Enrolled Senate Bill No. 953 of the 1st Session of the  
3 52nd Oklahoma Legislature, may develop policies and recommendations  
4 necessary to achieve the goals outlined in this act and forward its  
5 recommendations to the Corporation Commission, who may adopt and  
6 implement the recommendations of the Oklahoma Clean Energy  
7 Independence Commission and monitor retail electric energy provider  
8 compliance with the goals established in this act.

9           B. The Oklahoma Clean Energy Commission shall consider and  
10 recommend renewable energy resource goals for time periods  
11 subsequent to 2015.

12           C. The Corporation Commission is authorized to adopt the goals  
13 encouraging the utilization of renewable energy resources as  
14 outlined in Section 4 of this act and promulgate rules or issue  
15 orders as necessary to implement the provisions of this act.

16           SECTION 8. This act shall become effective July 1, 2010.

17           SECTION 9. It being immediately necessary for the preservation  
18 of the public peace, health and safety, an emergency is hereby  
19 declared to exist, by reason whereof this act shall take effect and  
20 be in full force from and after its passage and approval.

21  
22           52-2-3595           MJM           2/17/2010 8:57:24 AM

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