

THE HOUSE OF REPRESENTATIVES
Thursday, February 18, 2010

Committee Substitute for
House Bill No. 3028

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 3028 - By: BENGÉ,
WESSELHOFT AND BLACKWELL of the House and MYERS of the Senate.

An Act relating to energy; creating the Oklahoma Energy Security Act; stating certain goals; expressing legislative intent; declaring legislative intent to promote and increase renewable energy; establishing a renewable energy standard for the state by a certain date; providing definitions; providing for calculation of the amount of installed capacity of renewable energy generated in the state; declaring legislative intent to promote and increase natural gas energy development; establishing a natural gas energy standard; stating intent that new fossil fuel generation facilities use natural gas; requiring certain evidence to be presented; authorizing generation entities to use energy conservation measures; requiring conservation measures to be quantified annually; directing the Corporation Commission to make certain determination; stating legislative intent to promote and improve wind-energy development; establishing state goal to increase transmission capacity to meet the state renewal energy goal; requiring the Commission to develop plans and issue certain reports; stating legislative intent to increase the number of public access compressed natural gas fueling stations in the state; establishing a state goal to provide public access to compressed natural gas fueling stations; authorizing the Department of Central Services to enter into certain partnerships; requiring agreements to be subject to certain requirements; providing for codification; providing for noncodification; and providing an effective date.

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

- 1 SECTION 1. NEW LAW A new section of law not to be codified in the
- 2 Oklahoma Statutes reads as follows:
- 3 This act shall be known and may be cited as the “Oklahoma Energy Security Act”.

1 SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 801 of Title 17, unless there is created a duplication in numbering,
3 reads as follows:

4 It is hereby stated that the goal of the State of Oklahoma is to reduce the
5 dependence of Oklahoma and the United States on foreign oil, to improve the security of
6 the United States in the world and to improve the economic well-being of the citizens of
7 Oklahoma. The Legislature hereby expresses its intent to take steps to increase the
8 energy independence of the United States by increasing the use of domestic energy and
9 renewable energy sources in Oklahoma. It is further the goal of the State of Oklahoma to
10 continue to expand development of domestic energy and renewable energy production in
11 the state and increase the ability to export the domestic energy and renewable energy
12 produced in the state to the rest of the United States.

13 SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma
14 Statutes as Section 802 of Title 17, unless there is created a duplication in numbering,
15 reads as follows:

16 A. The Legislature declares that it is in the interest of Oklahoma to promote
17 renewable energy development in the state in order to best utilize the abundant natural
18 resources in the state.

19 B. It is hereby declared the intent of the State of Oklahoma to increase the use of
20 renewable energy in the state by setting a renewable energy standard that will serve as a
21 goal to be reached by the year 2015.

1 C. There is hereby established a renewable energy standard for the state that will
2 serve as a goal for the year 2015. The renewable energy standard shall be that fifteen
3 percent (15%) of all installed capacity of electricity generated within the state by the year
4 2015 be generated from renewable energy sources.

5 D. For purposes of this section qualifying renewable energy resources shall include:

6 1. Wind;

7 2. Solar;

8 3. Photovoltaic;

9 4. Hydropower;

10 5. Hydrogen;

11 6. Geothermal;

12 7. Biomass, which projects may include agricultural crops, wastes, and residues,
13 wood, animal and other degradable organic wastes, municipal solid waste, and landfill
14 gas; and

15 8. Other renewable sources approved by the Oklahoma Corporation Commission.

16 E. The annual renewable energy percentage shall be determined by dividing all
17 installed capacity of renewable electricity generated in Oklahoma by the total installed
18 capacity of all electricity generated in Oklahoma. Every electricity-generating entity or
19 company in Oklahoma shall report to the Commission by March 1 each year the amount
20 of renewable capacity installed and the number of kilowatt hours generated in Oklahoma
21 and from which source of energy the electricity was produced.

1 SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 803 of Title 17, unless there is created a duplication in numbering,
3 reads as follows:

4 A. The Legislature declares that it is in the interest of Oklahoma to promote
5 natural gas energy development in the state in order to take advantage of our vast
6 natural gas resources and its natural compatibility as with wind energy.

7 B. It is hereby declared the intent of the State of Oklahoma to promote natural gas
8 energy development in the state by setting a natural gas energy standard that will serve
9 to increase the use of natural gas as an electricity-generation fuel.

10 C. There is hereby established a natural gas energy standard to supplement the
11 increased volume of renewable energy and to capitalize on the state's abundant natural
12 gas resources. The natural gas energy standard shall be achieved by declaring natural
13 gas as the preferred choice of electric generation for fossil fuel generating facilities in this
14 state after the effective date of this act through January 1, 2020.

15 D. Beginning January 1, 2011, through January 1, 2020, it is the intent of the state
16 that new fossil fuel generation facilities built or expanded in this state be powered by
17 natural gas. Any electricity-generating entity in the state choosing a fossil fuel source
18 other than natural gas may provide evidence to the Oklahoma Corporation Commission
19 or other similar appropriate regulatory body that the fossil fuel source is in the best
20 interest of the Oklahoma electric consumers.

1 SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 804 of Title 17, unless there is created a duplication in numbering,
3 reads as follows:

4 The State of Oklahoma recognizes that energy efficiency and demand-side
5 management are important components to maximizing our energy resources. Therefore,
6 every electricity-generating entity in Oklahoma may use energy conservation measures
7 to assist the state in meeting its renewable energy standard. Such energy conservation
8 measures shall be described and quantified to the Corporation Commission on March 1
9 annually. The Corporation Commission shall make the final determination of the
10 amount of kilowatts per hour the electricity-generating entity saved and determine to
11 what degree that will account toward meeting the renewable energy standard for the
12 state.

13 SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma
14 Statutes as Section 287 of Title 17, unless there is created a duplication in numbering,
15 reads as follows:

16 A. The Legislature declares that it is in the interest of Oklahoma to promote the
17 development of a robust transmission grid to facilitate delivery of renewable energy and
18 improve reliability. It is also in the public interest of Oklahoma, in cooperation with
19 electricity transmission entities and the Southwest Power Pool, to promote wind-energy
20 development in the state to the extent that the renewable energy generated from wind
21 can be utilized in every part of the state and can be exported to other states.

1 B. It is hereby declared the intent of the State of Oklahoma to promote wind-energy
2 development by increasing the capability of transmitting the electricity generated by
3 wind across the state and to other states.

4 C. There is hereby established a state goal to increase electricity transmission
5 capacity so that the renewable energy goal of fifteen percent (15%) can be reached by the
6 year 2015. The state and the Corporation Commission shall work with the Southwest
7 Power Pool to develop plans to expand transmission capacity in the state and shall
8 monitor the construction of new transmission facilities in the state until the year 2020.
9 The Commission shall report on the progress in expanding transmission capacity by
10 January 1, 2014, and January 1, 2017, with a final report issued by January 1, 2020.

11 SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma
12 Statutes as Section 78f of Title 74, unless there is created a duplication in numbering,
13 reads as follows:

14 A. The Legislature declares that it is in the interest of Oklahoma to promote public
15 access to compressed natural gas (CNG) fueling stations in the state.

16 B. It is hereby declared the intent of the State of Oklahoma to increase the number
17 of public access CNG fueling stations located along the interstate highway system in the
18 state.

19 C. There is hereby established a state goal to have at least one public CNG fueling
20 station located approximately every one hundred (100) miles along the entire interstate
21 highway system in the state by the year 2015. The state goal shall increase to at least
22 one public CNG fueling station approximately every fifty (50) miles by the year 2025.

1 D. The Department of Central Services through the Fleet Management Division
2 may take steps to meet the state goal set forth in this section by cooperating with or
3 entering into partnership agreements with private entities to construct the necessary
4 CNG fueling stations for use by the public, state agencies and political subdivisions of the
5 state. Any agreement to construct a CNG fueling station pursuant to this section shall
6 be subject to the public bidding requirements as set forth in the Oklahoma Central
7 Purchasing Act.

8 SECTION 8. This act shall become effective November 1, 2010.

9 COMMITTEE REPORT BY: COMMITTEE ON ENERGY AND UTILITY
10 REGULATION, dated 02-17-10 - DO PASS, As Amended and Coauthored.