

THE STATE SENATE
Monday, March 29, 2010

Committee Substitute for
ENGROSSED

House Bill No. 3028

COMMITTEE SUBSTITUTE FOR ENGROSSED HOUSE BILL NO. 3028 - By: Benge, Wesselhoft, Blackwell, Jett, Luttrell, Buck, Morrissette, Scott, Walker and Morgan of the House and Myers, Branan, Gumm, Ivester and Rice of the Senate.

An Act relating to energy; creating the Oklahoma Energy Security Act; providing short title; stating public goals; stating Legislative intent; defining terms; declaring public goal establishing a state renewable energy standard by certain date; defining qualifying renewable energy resources; providing method for determining certain renewable energy percentage; declaring public goal promoting natural gas energy development; establishing a natural gas energy standard for certain uses; stating intent to use certain fuel for electric generation facilities; providing for percentage of energy efficiency and demand side management; promoting development of transmission grid for certain purpose; requiring report by certain date; declaring intent for development of certain fueling stations by certain date; providing for codification; and providing an effective date.

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 801.1 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 Energy Security Act".

1 SECTION 2. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 801.2 of Title 17, unless there
3 is created a duplication in numbering, reads as follows:

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

14 SECTION 3. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 801.3 of Title 17, unless there
16 is created a duplication in numbering, reads as follows:

17 As used in the Oklahoma Energy Security Act:

- 18 1. "Commission" means the Corporation Commission;
- 19 2. "Demand side management" means the management of customer
20 consumption of electricity, or the demand for electricity, through
21 the implementation of:
 - 22 a. load management or demand resource technologies,
23 management practices or other strategies in

1 residential, commercial, industrial, institutional or
2 government customers that shift electric loads from
3 periods of higher demand to periods of lower demand,
4 or

5 b. industrial by-product technologies consisting of the
6 use of a by-product from an industrial process,
7 including the reuse of energy from exhaust gases or
8 other manufacturing by-products that are used in the
9 direct production of electricity at the facility of a
10 customer; and

11 3. "Energy efficiency" means technologies, management practices
12 or other strategies in residential, commercial, institutional, or
13 government customers that reduce electricity use by those consumers.

14 SECTION 4. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 801.4 of Title 17, unless there
16 is created a duplication in numbering, reads as follows:

17 A. The Legislature declares that it is in the public interest
18 to promote renewable energy development in order to best utilize the
19 abundant natural resources found in this state.

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

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

6 D. For purposes of this section, qualifying renewable energy
7 resources shall include:

- 8 1. Wind;
- 9 2. Solar;
- 10 3. Photovoltaic;
- 11 4. Hydropower;
- 12 5. Hydrogen;
- 13 6. Geothermal;
- 14 7. Biomass, which projects may include agricultural crops,
15 wastes, and residues, wood, animal and other degradable organic
16 wastes, municipal solid waste, and landfill gas;
- 17 8. Distributed generation from an eligible renewable energy
18 resource where the generating facility or any integrated cluster of
19 such facilities has an installed generating capacity of not more
20 than five (5) megawatts;
- 21 9. Other renewable sources approved by the Commission; and
- 22 10. Demand side management and energy efficiency as provided in
23 Section 6 of this act.

1 E. The annual renewable energy percentage shall be determined
2 by dividing all installed capacity of renewable electricity
3 generation in Oklahoma by the total installed capacity of all
4 electricity generation in Oklahoma. Every electricity generating
5 entity or company operating electricity generation facilities in
6 Oklahoma shall report to the Commission by March 1 each year the
7 installed capacity of each of its generating facilities, the number
8 of kilowatt hours generated by each facility in Oklahoma and from
9 which source of energy the electricity was produced.

10 SECTION 5. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 801.5 of Title 17, unless there
12 is created a duplication in numbering, reads as follows:

13 A. The Legislature declares that it is in the public interest
14 to promote natural gas energy development in order to take advantage
15 of our state's vast natural gas resources and its compatibility with
16 wind energy.

17 B. It is further declared the intent of the Legislature to
18 promote natural gas energy development in this state by establishing
19 a natural gas energy standard to increase the use of natural gas as
20 an electricity generation fuel.

21 C. There is hereby established a natural gas energy standard to
22 supplement the increased volume of renewable energy and to
23 capitalize on the state's abundant natural gas resources. The

1 natural gas energy standard shall be achieved by declaring natural
2 gas as the preferred choice of electric generation for new fossil
3 fuel generating facilities in this state after the effective date of
4 this act through January 1, 2020.

5 D. Beginning January 1, 2011, through January 1, 2020, it is
6 the intent of the state that new fossil fuel generating facilities
7 and added capacity to existing fossil fuel generating facilities
8 built in this state be powered by natural gas. Any electricity
9 generating entity in the state choosing a fossil fuel source other
10 than natural gas may provide evidence to the Corporation Commission,
11 or other appropriate regulatory body of those entities not regulated
12 by the Commission, that the fossil fuel source chosen by such entity
13 is in the best interest of this state's electric consumers.

14 SECTION 6. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 801.6 of Title 17, unless there
16 is created a duplication in numbering, reads as follows:

17 Energy efficiency and demand side management are important
18 components to maximizing our state's energy resources. Therefore,
19 every electricity generating entity in Oklahoma may use energy
20 efficiency and demand side management measures to assist the state
21 in meeting its renewable energy standard. Provided, however, that
22 demand side management may not be used to meet more than twenty-five
23 percent (25%) of the state's overall fifteen percent (15%) renewable

1 energy standard. Such energy conservation measures shall be
2 described and quantified to the Corporation Commission on March 1
3 annually. The Commission shall make the final determination of the
4 amount of generation capacity the electricity generating entity
5 conserved and determine to what degree that will count toward
6 meeting the renewable energy standard for the state.

7 SECTION 7. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 287 of Title 17, unless there is
9 created a duplication in numbering, reads as follows:

10 A. The Legislature declares that it is in the public interest
11 to promote the development of a robust transmission grid to
12 facilitate delivery of renewable energy and improve reliability of
13 the electric transmission system. It is further in the public
14 interest, in cooperation with electricity transmission entities and
15 the Southwest Power Pool, to promote wind-energy development in the
16 state to the extent that the renewable energy generated from wind
17 can be utilized in every part of the state and exported to other
18 states.

19 B. The Legislature and the Corporation Commission shall work
20 with the Southwest Power Pool to develop a plan to expand
21 transmission capacity in the state and monitor the construction of
22 new transmission facilities in the state through the year 2020. The
23 Commission shall report on the progress in expanding transmission

1 capacity by January 1, 2014, and January 1, 2017, with a final
2 report issued by January 1, 2020.

3 SECTION 8. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 78f of Title 74, unless there is
5 created a duplication in numbering, reads as follows:

6 A. The Legislature declares that it is in the public interest
7 to promote public access to compressed natural gas (CNG) fueling
8 stations in the state.

9 B. It is the intent of the Legislature to increase the number
10 of public access CNG fueling stations located along the interstate
11 highway system in the state.

12 C. It shall be the goal to have at least one public CNG fueling
13 station located approximately every one hundred (100) miles along
14 the entire interstate highway system in the state by the year 2015.
15 The goal shall increase to at least one public CNG fueling station
16 approximately every fifty (50) miles by the year 2025.

17 D. The Department of Central Services through the Fleet
18 Management Division may take steps to meet the goal set forth in
19 this section by cooperating with or entering into partnership
20 agreements with private entities to construct the necessary CNG
21 fueling stations for use by the public, state agencies and political
22 subdivisions of the state. Any agreement to construct a CNG fueling
23 station pursuant to this section shall be subject to the public

1 bidding requirements as set forth in the Oklahoma Central Purchasing
2 Act.

3 SECTION 9. This act shall become effective November 1, 2010.

4 COMMITTEE REPORT BY: COMMITTEE ON ENERGY & ENVIRONMENT, dated
5 3-25-10 - DO PASS, As Amended and Coauthored.