

BILL SUMMARY
1st Session of the 52nd Legislature

Bill No.: HB 1750
Version: Proposed Committee Substitute (6845)
Author: Representative Martin (Scott)
Date: February 16, 2009
Impact: Travel Reimbursement for Task Force

Bill Summary

Research Analyst: Dusty Darr

This measure creates the Nuclear Energy Incentive Act, which requires the Oklahoma Corporation Commission to begin proceedings to determine the need for a nuclear power plant upon the request of an applicant. The Commission is required to hold a hearing to determine the need for a proposed plant, and an order on the application is required within 180 days of the filing of the application. After the Commission issues an order determining the need for a nuclear power plant, the right of a utility to recover costs associated with the siting, design, licensing or construction of the plant and new, expanded, or relocated electrical transmission lines or facilities necessary to serve the plant may not be challenged unless the Commission finds that certain costs were imprudently incurred.

The Commission is required to establish an alternative cost recovery mechanism for the recovery of costs association with the construction of a nuclear plant. A constructing utility is allowed to increase its base rate charges to recover its capital investment upon the placement of a nuclear power plant in commercial service, and a utility is allowed to recover all prudent preconstruction and construction costs, including new, expanded or relocated electrical transmission lines, in the event that the utility elects not to complete or is precluded from completing the construction of an approved nuclear power plant. The enhanced rate of return is to be calculated by adding 200 basis points to the approved overall rate of return to the utility.

The measure also creates a task force to study and make recommendations on an appropriate tax credit for entities investing in a nuclear power plant. The task force must report its recommendations no later than December 1, 2010.

Fiscal Summary

Fiscal Analyst: Mark Nichols

The proposed committee substitute for HB 1750 creates the Nuclear Energy Incentive Act. The measure directs the Corporation Commission to accept and review applications from electric services seeking a determination of need to construct a nuclear power plant. The Commission is also directed to promulgate rules for alternative cost recovery mechanisms for entities who have built those plants.

The measure also sets up a task force, comprised of members with knowledge of the electric generation industry or financial expertise dealing with electric generation, to study the tax credits for production and sale of electricity by zero-emission facilities and determine if that credit or a similar one should be extended for the purchase of electricity generated by a nuclear power plant in this state.

Finally, the measure repeals Title 11, Section 24-105.1, which deals with the Municipal Power Authority, and prevents them holding a joint interest in a nuclear power plant.

Fiscal Analysis

Officials at the Corporation Commission have stated that there will likely be no impact to their agency, and that they can fulfill the directives of the measure with current staff support. However, if the number of applications increases beyond a certain level, then additional staff support might be required.

The Task Force is to be staffed by the Office of the Secretary of Energy, and reimbursement for travel is included in the measure.

Long Term Fiscal Considerations

None

Fiscal Analysis Reviewed by:

Mark Tygret

House Fiscal Director