STATE OF OKLAHOMA

2nd Session of the 54th Legislature (2014)

HOUSE BILL 2605 By: Williams

AS INTRODUCED

An Act relating to energy; creating the Oklahoma Renewable Energy Standards Act; providing definitions; directing the Corporation Commission to establish renewal energy portfolio requirements for affected utilities; providing for calculating the renewable energy credit purchases; limiting use of renewable energy credits; establishing portion of peak demand provided by renewable generation capacity; making portfolio requirements apply to all sources of power; allowing net metering capacity and capacity installed after a certain date to count toward compliance; directing the Commission to establish rules and regulations; allowing affected utilities to recover certain reasonable costs; directing the Commission to determine effect of certain investments on total revenue; requiring the Commission to determine statewide retail rate impact annually; providing for submission of information; directing the Commission to submit certain annual reports to certain persons; requiring the Commission to establish reporting, enforcement and administrative penalty requirements; precluding the assessment of a penalty during certain years for certain utilities; allowing the Commission to exempt certain utilities from penalties under certain circumstances; prohibiting the recovery of penalties for retail customers; directing the Commission to establish a certification process for renewable energy resources; specifying certification criteria; prohibiting certain undue or adverse impacts; repealing 17 O.S. 2011, Sections 801.1, 801.2, 801.3, 801.4, 801.6 and 801.7, which relate to the Oklahoma Energy Security Act; 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 803.1 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".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 803.2 of Title 17, unless there is created a duplication in numbering, reads as follows:

As used in the Oklahoma Renewable Energy Standards Act:

1. "Affected utility" means any electric public utility as defined in Section 151 of Title 17 of the Oklahoma Statutes, but does not include any portion of any municipally owned or operated electric utility;

2. "Commission" means the Corporation Commission;

3. "Net renewable generation capacity" means the gross generation capacity of the renewable energy resource over a four-hour period when not limited by ambient conditions, equipment, operating or regulatory restrictions less auxiliary power required to operate the resource, and refers to resources located in the state or resources serving ratepayers in the state;

4. "Peak demand" means the demand imposed by the retail load of an affected utility in the state;

5. "Renewable energy credit" means a credit representing energy produced by renewable energy resources issued as part of a program that has been approved by the Commission; and

6. "Renewable energy resources" means net renewable generation capacity from:

a. wind,

b. solar thermal sources,

c. photovoltaic cells and panels,

d. dedicated crops grown for energy production,

e. cellulosic agricultural residues,

f. plant residues,

g. methane from landfills or from wastewater treatment,

h. clean and untreated wood products such as pallets,

i. existing hydropower,

j. new hydropower,

k. fuel cells using hydrogen produced by one of the above-named renewable energy resources,

l. energy storage that is connected to any renewable generation by means of energy storage equipment including, but not limited to, batteries, fly wheels, compressed air storage and pumped hydro, and

m. other sources of energy, not including nuclear power, that become available after the effective date of this section, and that are certified as renewable by rules

established by the Commission pursuant to Section 7 of this act.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 803.3 of Title 17, unless there is created a duplication in numbering, reads as follows:

A. The Commission shall promulgate rules establishing a portfolio requirement for all affected utilities to generate or purchase electricity generated from renewable energy resources or purchase renewable energy credits. For the purposes of calculating the capacity from renewable energy credit purchases, the affected utility shall use its actual capacity factor from its owned renewable generation from the immediately previous calendar year. Renewable energy credits may only be used to meet a portion of portfolio requirements for the years 2015, 2020 and 2025, unless otherwise allowed by the Commission. The portfolio requirement shall provide net renewable generation capacity that shall constitute the following portion of the peak demand of each affected utility:

1. Not less than ten percent (10%) of the peak demand of the affected utility for calendar years 2015 through 2019, based on the average demand of the prior three (3) years of each year's requirement;

2. Not less than fifteen percent (15%) of the peak demand of the affected utility for calendar years 2020 through 2024, based on

the average demand of the prior three (3) years of each year's requirements; and

3. Not less than twenty percent (20%) of the peak demand of the affected utility for each calendar year beginning in 2025, based on the average demand of the prior three (3) years of each year's requirement.

B. The portfolio requirements described in subsection A of this section shall apply to all power sold to Oklahoma retail consumers whether the power is self-generated or purchased from another source in or outside of the state. The capacity of all net metering systems interconnected with the affected utilities under net metering rules promulgated by the Commission shall count toward compliance.

C. Each megawatt of eligible capacity in Oklahoma installed after January 1, 2005, shall count as 1.10 megawatts for purposes of compliance.

D. The Commission shall promulgate rules required in this section within twelve (12) months of the effective date of the Oklahoma Renewable Energy Standards Act.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 803.4 of Title 17, unless there is created a duplication in numbering, reads as follows:

The Commission shall allow affected utilities to recover reasonable costs incurred to meet the new renewable energy resource

requirements required in the Oklahoma Renewable Energy Standards Act.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 803.5 of Title 17, unless there is created a duplication in numbering, reads as follows:

A. 1. For each affected utility, the Commission shall determine whether investment in renewable energy resources required to meet the renewable portfolio requirement as required by Section 3 of this act causes the total revenue requirement of the affected utility to increase one percent (1%) or greater.

2. The Commission shall annually determine the statewide retail rate impact resulting from affected utilities meeting the renewable portfolio requirement.

B. Submission of information pertaining to the portfolio requirement of an affected utility shall be determined by rules promulgated by the Commission or by order of the Commission.

C. Beginning in 2018, on or before March 1 of each year, the Commission shall submit a report of the annual statewide retail rate impact for the previous year to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Chair of the House of Representatives Committee with oversight of energy and utilities and the Chair of the Senate Committee with oversight of energy and utilities.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 803.6 of Title 17, unless there is created a duplication in numbering, reads as follows:

A. The Commission shall promulgate rules for the administration of the Oklahoma Renewable Energy Standards Act, including reporting and enforcement mechanisms necessary to ensure that each affected utility complies with this standard and other provisions governing the imposition of administrative penalties assessed after a hearing held by the Commission. Administrative penalties should be set at a level that will promote compliance with the Oklahoma Renewable Energy Standards Act.

B. For the calendar years 2018 and 2019, the Commission is not required to assess penalties if the affected utility can demonstrate it made a good-faith effort to comply with the portfolio standards requirement. The Commission shall exempt an affected utility from administrative penalties for an individual compliance year if the utility demonstrates that the retail rate impact described in Section 5 of this act has been reached or exceeded and the utility has not achieved full compliance with Section 3 of this act. In imposing penalties, the Commission shall have discretion to consider mitigating circumstances. Under no circumstances shall the costs of administrative penalties be recovered from Oklahoma retail customers.

C. The Commission shall promulgate rules required in this section within twelve (12) months of the effective date of this act.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 803.7 of Title 17, unless there is created a duplication in numbering, reads as follows:

A. The Commission shall promulgate rules for the administration of a certification process for use of renewable energy resources described in Section 2 of this act for purposes of fulfilling the requirements of Section 3 of this act. Criteria for the certification process shall be determined by factors that include, but are not limited to, fuel type and technology and the environmental impacts of renewable energy resources described in Section 2 of this act. Use of renewable energy resources described in Section 2 of this act shall not cause undue or adverse air, water or land use impacts.

B. The Commission shall promulgate rules required in this section within twelve (12) months of the effective date of this act.

SECTION 8. REPEALER 17 O.S. 2011, Sections 801.1, 801.2, 801.3, 801.4, 801.6 and 801.7, are hereby repealed.

SECTION 9. This act shall become effective November 1, 2014.

54-2-8865 KB 01/02/14