

STATE OF OKLAHOMA

2nd Session of the 52nd Legislature (2010)

2ND CONFERENCE COMMITTEE  
SUBSTITUTE  
FOR ENGROSSED  
HOUSE BILL NO. 3028

By: Benge, Wesselhoft,  
Blackwell, Jett, Luttrell,  
Buck, Morrisette, Scott,  
Walker and Morgan of the  
House

and

Myers, Branan, Gumm,  
Ivester, Rice, Corn,  
Garrison and Schulz of the  
Senate

2ND CONFERENCE COMMITTEE SUBSTITUTE

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; clarifying construction of act; requiring  
promulgation of rules; providing for codification;  
and providing an effective date.

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

2 SECTION 1. NEW LAW A new section of law to be codified  
3 in the Oklahoma Statutes as Section 801.1 of Title 17, unless there  
4 is created a duplication in numbering, reads as follows:

5 This act shall be known and may be cited as the "Oklahoma Energy  
6 Security Act".

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

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

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

23 As used in the Oklahoma Energy Security Act:

24 1. "Commission" means the Corporation Commission;

1        2. "Demand side management" means the management of customer  
2 consumption of electricity, or the demand for electricity, through  
3 the implementation of:

4            a. load management or demand resource technologies,  
5 management practices or other strategies in  
6 residential, commercial, industrial, institutional or  
7 government customers that shift electric loads from  
8 periods of higher demand to periods of lower demand,  
9 or

10          b. industrial by-product technologies consisting of the  
11 use of a by-product from an industrial process,  
12 including the reuse of energy from exhaust gases or  
13 other manufacturing by-products that are used in the  
14 direct production of electricity at the facility of a  
15 customer; and

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

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

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

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

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

10 D. For purposes of this section, qualifying renewable energy  
11 resources shall include:

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

1        9. Other renewable sources approved by the Commission; and

2        10. Demand side management and energy efficiency as provided in  
3 Section 6 of this act.

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

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

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

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

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

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

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

20 Energy efficiency and demand side management are important  
21 components to maximizing the energy resources of our state.  
22 Therefore, every electricity generating entity in Oklahoma may use  
23 energy efficiency and demand side management measures to assist the  
24 state in meeting its renewable energy standard. Provided, however,

1 that demand side management may not be used to meet more than  
2 twenty-five percent (25%) of the overall fifteen percent (15%)  
3 renewable energy standard for the state. Energy conservation  
4 measures shall be described and quantified to the Corporation  
5 Commission on March 1 annually. The Commission shall make the final  
6 determination of the amount of generation capacity the electricity  
7 generating entity conserved and determine to what degree that will  
8 count toward meeting the renewable energy standard for the state.

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

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

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

1 Commission shall report on the progress in expanding transmission  
2 capacity by January 1, 2014, and January 1, 2017, with a final  
3 report issued by January 1, 2020.

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

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

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

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

18 D. The Department of Central Services through the Fleet  
19 Management Division may take steps to meet the goal set forth in  
20 this section by cooperating with or entering into partnership  
21 agreements with private entities to construct the necessary CNG  
22 fueling stations for use by the public, state agencies and political  
23 subdivisions of the state. Any agreement to construct a CNG fueling  
24 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. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 801.7 of Title 17, unless there  
5 is created a duplication in numbering, reads as follows:

6 Nothing in the Oklahoma Energy Security Act shall be construed  
7 to impair the authority of the Corporation Commission to ensure  
8 reasonable rates for consumers.

9 SECTION 10. This act shall become effective November 1, 2010.

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