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March 2, 2023

COMMITTEE SUBSTITUTE
FOR

SENATE BILL NO. 472

By: Paxton

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[ electric utilities - firm gas supply - agreements -
cost mitigation - rules - codification - effective
date ]
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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 of Title 17, unless there is created a duplication in numbering, reads as follows:

A. As used in this section:

1. "Actual physical storage" means a storage field, liquefied natural gas storage, or other physical facility which is not a pipeline or pipeline capacity, for the purpose of provision and storage of natural gas and for which the stored natural gas is not subject to a prior claim by another storage customer or another class of storage service and cannot be interrupted except in a situation of force majeure;

2. "Firm" means an electric utility's failure to perform will only be excused if the electric utility is subject to an event of force majeure. The only excuse for failure to deliver, store, or

1 receive gas under a firm obligation under this section is an event
2 of force majeure;

3 3. "Firm gas supply" means an adequate and reliable quantity of
4 natural gas which is an amount sufficient to meet and support the
5 desired generating capacity demand for a given period as supplied by
6 firm natural gas transportation or as supplied from actual physical
7 storage; and

8 4. "Winter months" means the time between November 1 of a given
9 year through March 31 of the following year.

10 B. An electric utility subject to retail rate regulation by the
11 Corporation Commission that utilizes natural gas electric generation
12 shall maintain a firm gas supply of enough natural gas under firm gas
13 transportation contracts or from actual physical storage to operate
14 its natural gas electric generation facilities at an eighty percent
15 (80%) maximum daily capacity for a period of not less than fourteen
16 (14) consecutive days during the winter months to protect customers
17 from adverse weather events and supply chain issues. Of the above
18 required firm supply of natural gas, at least fifty percent (50%) of
19 that firm gas supply shall be satisfied by actual physical storage.

20 C. Each electric utility subject to the requirements of this
21 section may enter storage management contracts with asset managers
22 or may self-optimize its storage services to mitigate the costs of
23 the increased storage for customers, or any combination thereof.
24 All monetary or financial benefits derived from storage management

1 contracts utilizing an asset manager, the electric utility's self-
2 optimized services, or any combination thereof shall be returned to
3 customers to mitigate the costs of increased storage capacity
4 required in subsection B of this section.

5 D. Electric utilities subject to the provisions of this section
6 shall be entitled to recover costs for the firm gas supply and
7 actual physical storage requirements of this section.

8 E. The Corporation Commission shall have the authority to
9 promulgate any rules and regulations necessary to effectuate the
10 provisions of this section.

11 SECTION 2. This act shall become effective November 1, 2023.

12 COMMITTEE REPORT BY: COMMITTEE ON ENERGY AND TELECOMMUNICATIONS
13 March 2, 2023 - DO PASS AS AMENDED BY CS
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