

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

SENATE BILL 1766

By: McIntosh

AS INTRODUCED

An Act relating to the Corporation Commission;
defining terms; requiring certain consideration;
establishing criteria for certain petition; requiring
establishment of certain evidence; requiring the
Corporation Commission to make certain finding;
establishing requirements for certain approval;
construing provision; clarifying applicability;
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 295 of Title 17, unless there is
created a duplication in numbering, reads as follows:

A. As used in this section:

1. "Bulk-power system" means:

- a. facilities and control systems necessary to operate an
interconnected electricity energy transmission network
or portion thereof, and
- b. electric energy from generation facilities needed to
maintain transmission system reliability;

1 2. "Capacity" means the fraction of the installed capacity of
2 an electric generation unit which can be relied on at a given time
3 to meet demand and is frequently measured either in terms of the
4 physical output capacity of the unit such as kilowatt (kW), megawatt
5 (MW), or gigawatt (GW) or as the fractional output percentage of the
6 asset's nameplate capacity;

7 3. "Effective load or demand carrying capacity" means an
8 electric generation unit's contribution to reliability based on the
9 incremental quantity of load or demand that can be satisfied by
10 adding that resource asset to the electric power grid;

11 4. "Electric generation unit" means any asset used to generate
12 or store electricity, regardless of fuel source including, but not
13 limited to, coal, natural gas, nuclear fuel, hydroelectricity,
14 geothermal, wind, solar, hydrogen, or other applicable technologies.
15 It shall include, but is not limited to, pumped hydroelectric
16 storage, lithium-ion batteries, and any other device or asset used
17 to store energy for later use as electricity;

18 5. "Electric utility" means any person, firm, partnership, or
19 corporation that furnishes retail electric service to the public in
20 this state and is subject to the regulatory jurisdiction of the
21 Corporation Commission;

22 6. "Independent system operator" means a regional transmission
23 organization, independent system operator, independent transmission
24 provider, or other transmission organization finally approved by the
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1 Federal Energy Regulatory Commission for the operation of
2 transmission facilities;

3 7. "Reliability" means a requirement, approved by the Federal
4 Energy Regulatory Commission, to provide for reliable operation of
5 the bulk-power system. It includes requirements for the operation
6 of existing bulk-power system facilities, including cybersecurity
7 protection, and the design of planned additions or modifications to
8 such facilities to the extent necessary to provide for reliable
9 operation of the bulk-power system. It does not include any
10 requirement to enlarge such facilities or to construct new
11 transmission capacity or generation capacity;

12 8. "Reliable operation" means operating the elements of the
13 bulk-power system within equipment and electric system thermal,
14 voltage, and stability limits so that instability, uncontrolled
15 separation, or cascading failures of such system will not occur as a
16 result of a sudden disturbance, including a cybersecurity incident,
17 or unanticipated failure of system elements;

18 9. "Retire" means any scale down, scale back, intent for lesser
19 usage, or any other similar action with respect to an electric
20 generation unit or a transmission asset;

21 10. "Transmission asset" means any and all equipment necessary
22 to transmit electricity from a new or existing electric generation
23 unit to the distribution network used to provide electricity to an
24 end consumer. It includes, but is not limited to, any and all

1 substations, inverters, transformers, transmission towers, and
2 additional transmission mileage operating above sixty-nine kilovolts
3 (69 kV); and

4 11. "Transmission organization" means a regional transmission
5 organization, independent system operator, independent transmission
6 provider, or other transmission organization finally approved by the
7 Federal Energy Regulatory Commission for the operation of
8 transmission facilities.

9 B. When a public utility requests a rate adjustment, the
10 Corporation Commission shall take into consideration the bulk-power
11 system reliability, energy capacity, on-demand dispatch ability,
12 useful life, intermittent operational nature, overall operational
13 costs including back end disposal costs, and environmental
14 compliance costs of each and every asset used for the production or
15 transmission of electric energy including, but not limited to, any
16 electric generation unit, transmission asset, and other related
17 assets in its determination of whether the costs and expenses of
18 related costs and expenses are fair, just, reasonable, and should be
19 approved for rate recovery.

20 C. In addition to the requirements of a petition requesting the
21 Commission to examine and determine the reasonableness of a proposed
22 increase in rates and charges pursuant to Section 152 of Title 17 of
23 the Oklahoma Statutes, the petition shall include the following:
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1 1. A statement for each electric generation unit that is
2 proposed to be added to the generation portfolio which shall
3 include:

- 4 a. an evaluation of each generation unit's potential
5 ability to reliably meet the applicant's capacity
6 contributions to bulk-power system reliability during
7 times of peak demand,
8 b. an assessment of the potential estimated percentage
9 contribution of each generation unit in meeting the
10 applicant's capacity contributions to bulk-power
11 system reliability during times of peak demand, and
12 c. a narrative that outlines the addition of each
13 electric generation unit when considered in
14 conjunction with any proposed retirement with respect
15 to any other electric generation and how this will
16 impact the applicant's ability to meet capacity
17 contributions to bulk-power system reliability during
18 times of peak demand;

19 2. A statement for each electric generation unit that the
20 applicant proposes to retire which shall include:

- 21 a. an evaluation of each generation unit's current
22 ability to reliably meet the electric utility's
23 capacity contributions to bulk-power system
24 reliability during times of peak demand,

- 1 b. an assessment of the current estimated percentage
2 contribution of each generation unit in meeting the
3 applicant's capacity contributions to bulk-power
4 system reliability during times of peak demand, and
5 c. a narrative that outlines how the scale down, less
6 frequent utilization, retirement, or removal of each
7 generation unit from the applicant's portfolio when
8 considered in conjunction with any proposed addition
9 of an electric generation unit to the applicant's
10 portfolio will impact the applicant's ability to meet
11 its capacity contributions to bulk-power system
12 reliability during times of peak demand.

13 The statements in each of paragraphs 1 and 2 of this subsection
14 shall, to the best of the applicant's ability, address the effective
15 load carrying capacity or effective demand carrying capacity of the
16 electric generation unit. Such information may be indicated as the
17 unforced or accredited capacity of the asset and the statement may
18 be provided by a transmission organization, the applicant, or an
19 agent thereof;

20 3. A statement for each transmission asset the applicant
21 proposes to build or acquire that includes an evaluation of each
22 transmission asset's ability to meet its capability to support the
23 applicant's capacity contributions to bulk-power system reliability
24 during times of peak demand. The statement shall, to the best of
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1 the applicant's ability, address how the transmission asset will
2 support the applicant's capacity contributions to bulk-power system
3 reliability during times of peak demand. Such statement may be
4 provided by a transmission organization, the applicant, or an agent
5 thereof; and

6 4. A statement for each transmission asset the applicant
7 proposes to retire that includes an evaluation of each transmission
8 asset's current ability to meet its capability to support the
9 applicant's capacity contributions to bulk-power system reliability
10 during times of peak demand. Such statement may be provided by a
11 transmission organization, the applicant, or an agent thereof.

12 D. 1. The Corporation Commission shall not authorize or
13 approve the retirement of an electric generation unit in this state
14 until the applicant establishes, by clear and convincing evidence,
15 that it has available an equivalent megawatt capacity of
16 dispatchable firm power generation as replacement power in the
17 result of the proposed electric generation unit retirement. The
18 available megawatt capacity of dispatchable firm power may be
19 established by:

- 20 a. the construction and operation of a new generation
21 asset either within this state or outside this state,
- 22 b. any purchase power agreement, or
- 23 c. any other arrangement, including a combination of
24 subparagraphs a and b of this paragraph, that the

1 Commission determines will meet the applicant's
2 capacity contributions to bulk-power system
3 reliability during times of peak demand.

4 2. The Corporation Commission may direct an electric utility to
5 submit an analysis of the actions necessary to extend the life of
6 each generating unit in the electric utility's portfolio beyond the
7 planned retirement date for each generating unit. Such analysis may
8 include any matters as deemed necessary by the Commission.

9 E. Any applicant for an adjustment of electric utility rates
10 shall establish by clear and convincing evidence that:

11 1. Each electric generation unit or transmission asset that it
12 proposes to build or acquire shall fully meet its capacity
13 contributions to bulk-power system reliability during times of peak
14 demand; and

15 2. Each electric generation unit or transmission asset that it
16 proposes to retire will not negatively impact the applicant's
17 ability to fully meet its capacity contributions to bulk-power
18 system reliability during times of peak demand.

19 F. 1. If the Corporation Commission approves an adjustment of
20 rates, it shall include in a separate finding that the applicant
21 meets the requirements pursuant to this section.

22 2. If the Commission finds that an electric generation unit or
23 transmission asset that the applicant proposes to build or acquire
24 fails to meet the requirements of this section, the Commission shall

1 determine what portion, if any, of the costs and expenses related to
2 and associated with that electric generation unit or transmission
3 asset are fair, just, and reasonable, and should be eligible for
4 rate recovery as well as the portion, if any, of the costs and
5 expenses that are not fair, just, or reasonable, and should not be
6 eligible for rate recovery.

7 3. The Commission, in its discretion, may approve in part, deny
8 in part, approve, or deny any portion of an applicant's petition.

9 4. In any order approving an adjustment of rates, the
10 Commission shall include in a separate and distinct paragraph in
11 boldface type for each of the following that describes:

- 12 a. the total dollar amount of the increase in approved
13 rate recovery,
- 14 b. whether a rate of return on any electric generation
15 unit or transmission asset has been approved, the
16 amount of the rate of return reflected as a percentage
17 of the total dollar amount approved for such return
18 and the duration of such return, and
- 19 c. a summary of the total amount of the electric
20 generation unit and transmission asset costs and
21 expenses, if any, that have been denied for rate
22 recovery.

23 G. Nothing in this section shall be construed to require the
24 disclosure of confidential information.

1 H. Any agreed order of settlement or similar instrument among
2 the parties shall not circumvent the requirements of this section or
3 any other applicable law and shall not abrogate the responsibility
4 of the Commission to make the findings pursuant to subsection F of
5 this section.

6 SECTION 2. This act shall become effective November 1, 2026.

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