

# An Act

ENROLLED HOUSE

BILL NO. 3028

By: Benge, Wesselhoft,  
Blackwell, Jett, Luttrell,  
Buck, Morrissette, Scott,  
Walker, Morgan, Brown,  
Roan, Dorman and Williams  
of the House

and

Myers, Branan, Gumm,  
Ivester, Rice, Corn,  
Garrison, Schulz and  
Johnson (Constance) of the  
Senate

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; 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 801.1 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 Energy Security Act".

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

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

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

As used in the Oklahoma Energy Security Act:

1. "Commission" means the Corporation Commission;
2. "Demand side management" means the management of customer consumption of electricity, or the demand for electricity, through the implementation of:
  - a. load management or demand resource technologies, management practices or other strategies in residential, commercial, industrial, institutional or government customers that shift electric loads from periods of higher demand to periods of lower demand, or
  - b. industrial by-product technologies consisting of the use of a by-product from an industrial process, including the reuse of energy from exhaust gases or other manufacturing by-products that are used in the

direct production of electricity at the facility of a customer; and

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

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

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

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

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

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

1. Wind;
2. Solar;
3. Photovoltaic;
4. Hydropower;
5. Hydrogen;
6. Geothermal;
7. Biomass, which projects may include agricultural crops, wastes, and residues, wood, animal and other degradable organic wastes, municipal solid waste, and landfill gas;

8. Distributed generation from an eligible renewable energy resource where the generating facility or any integrated cluster of such facilities has an installed generating capacity of not more than five (5) megawatts;

9. Other renewable sources approved by the Commission; and

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

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

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

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

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

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

D. Beginning January 1, 2011, through January 1, 2020, it is the intent of the state that new fossil fuel generating facilities and added capacity to existing fossil fuel generating facilities

built in this state be powered by natural gas. Any electricity generating entity in the state choosing a fossil fuel source other than natural gas may provide evidence to the Corporation Commission, or other appropriate regulatory body of those entities not regulated by the Commission, that the fossil fuel source chosen by such entity is in the best interest of this state's electric consumers.

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

Energy efficiency and demand side management are important components to maximizing the energy resources of our state. Therefore, every electricity generating entity in Oklahoma may use energy efficiency and demand side management measures to assist the state in meeting its renewable energy standard. Provided, however, that demand side management may not be used to meet more than twenty-five percent (25%) of the overall fifteen percent (15%) renewable energy standard for the state. Energy conservation measures shall be described and quantified to the Corporation Commission on March 1 annually. The Commission shall make the final determination of the amount of generation capacity the electricity generating entity conserved and determine to what degree that will count toward meeting the renewable energy standard for the state.

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

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

B. The Legislature and the Corporation Commission shall work with the Southwest Power Pool to develop a plan to expand transmission capacity in the state and monitor the construction of new transmission facilities in the state through the year 2020. The Commission shall report on the progress in expanding transmission

capacity by January 1, 2014, and January 1, 2017, with a final report issued by January 1, 2020.

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

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

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

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

D. The Department of Central Services through the Fleet Management Division may take steps to meet the goal set forth in this section by cooperating with or entering into partnership agreements with private entities to construct the necessary CNG fueling stations for use by the public, state agencies and political subdivisions of the state. Any agreement to construct a CNG fueling station pursuant to this section shall be subject to the public bidding requirements as set forth in The Oklahoma Central Purchasing Act.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 801.7 of Title 17, unless there is created a duplication in numbering, reads as follows:

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

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

Passed the House of Representatives the 17th day of May, 2010.

*Tim Steele*

Presiding Officer of the House of Representatives

Passed the Senate the 20th day of May, 2010.

*A. Bruce Marshall*

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Governor this 21<sup>st</sup>  
day of May, 2010,  
at 1:14 o'clock P M.

By: *[Signature]*

Approved by the Governor of the State of Oklahoma the 26<sup>th</sup> day of  
May, 2010, at 6:40 o'clock P M.

*[Signature]*  
Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Secretary of State this \_\_\_\_\_  
27<sup>th</sup> day of May, 2010,  
at 2:56 o'clock P M.

By: *[Signature]*