

1 **SENATE FLOOR VERSION**

2 March 2, 2023

3 COMMITTEE SUBSTITUTE  
4 FOR

5 SENATE BILL NO. 472

6 By: Paxton

7 [ electric utilities - firm gas supply - agreements -  
8 cost mitigation - rules - codification - effective  
9 date ]

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

11 SECTION 1. NEW LAW A new section of law to be codified  
12 in the Oklahoma Statutes as Section 803 of Title 17, unless there is  
13 created a duplication in numbering, reads as follows:

14 A. As used in this section:

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

22 2. "Firm" means an electric utility's failure to perform will  
23 only be excused if the electric utility is subject to an event of  
24 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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