

SENATE FILE NO. SF0125

Electricity production standard.

Sponsored by: Senate Appropriations Committee

A BILL

for

1 AN ACT relating to electric utilities; establishing minimum
2 procurement requirements for electric utilities; requiring
3 reports; defining terms; providing enforcement and
4 rulemaking authority; mandating the public service
5 commission to account for specified factors in rate
6 setting; and providing for an effective date.

7

8 *Be It Enacted by the Legislature of the State of Wyoming:*

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10 **Section 1.** W.S. 37-16-301 through 37-16-305 are
11 created to read:

12

13

ARTICLE 3

14

ELECTRICITY PRODUCTION STANDARD

15

16 **37-16-301. Definitions.**

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2 (a) As used in this article:

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4 (i) "Biogenic natural gas" means natural gas
5 formed through a biological process;

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7 (ii) "Compliance year" means any twelve (12)
8 month period beginning January 1 and ending December 31,
9 starting in 2021, for which compliance with this article
10 shall be demonstrated;

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12 (iii) "Dispatch ability" means the ability of a
13 transmission system control operator, who balances
14 electricity supply and load to meet transmission system
15 operating criteria and to provide reliable electric service
16 to customers, or the owner of an electricity generating
17 resource to rapidly start, stop, increase or decrease
18 electricity production from that electricity generating
19 resource in order to respond to the electricity
20 transmission system's needs;

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22 (iv) "Electric utility" means any electrical
23 company or electric cooperative that is engaged in the

1 business of distributing electricity to electric customers
2 in Wyoming;

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4 (v) "Electricity generating resource" means any
5 plant or equipment used to generate electricity by any
6 means;

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8 (vi) "Eligible generating resource" means an
9 electricity generating resource that produces electricity
10 from one (1) or more of the following sources or systems:

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12 (A) Biogenic natural gas;

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14 (B) Coal;

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16 (C) Hydroelectric;

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18 (D) Net metering system, as defined by W.S.
19 37-16-101(a)(viii);

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21 (E) Nuclear;

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23 (F) Oil;

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(G) Thermogenic natural gas.

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(vii) "Energy credit" means a certificate of proof of one (1) megawatt hour of electricity generated by an eligible generating resource that is tracked and verified by the commission and includes all of the attributes associated with one (1) megawatt hour unit of electricity production;

(viii) "Thermogenic natural gas" means natural gas formed by chemical reactions without the presence of microorganisms.

37-16-302. Eligible generating resource standard; exception.

(a) In compliance year 2021, each electric utility shall procure a minimum of ninety-five percent (95%) of its sales of electricity in Wyoming or electricity that will be offered for sale in Wyoming from eligible generating resources located in Wyoming, except as provided in subsection (c) of this section.

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2 (b) In compliance year 2022 and in each subsequent
3 compliance year, each electric utility shall procure a
4 minimum of one hundred percent (100%) of its sales of
5 electricity in Wyoming or electricity that will be offered
6 for sale in Wyoming from eligible generating resources
7 located in Wyoming, except as provided in subsection (c) of
8 this section.

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10 (c) An electric utility may utilize electricity
11 generated from eligible generating resources generated or
12 produced outside of Wyoming to satisfy the standards
13 established in this section if the electric utility
14 demonstrates to the commission's satisfaction that:

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16 (i) Eligible generating resources located within
17 Wyoming are unavailable; or

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19 (ii) Eligible generating resources are available
20 from outside of Wyoming at a lower cost to Wyoming electric
21 utility customers.

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23 **37-16-303. Energy credits; administrative penalty.**

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2 (a) An electric utility may purchase energy credits
3 for a compliance year through December 31 of that year.

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5 (b) Except as provided in subsection (c) of this
6 section, in order to meet the minimum procurement standards
7 specified in W.S. 37-16-302, an electric utility shall use
8 electricity from an eligible generating resource located in
9 Wyoming in which the associated energy credits have not
10 been sold separately.

11

12 (c) An electric utility may purchase energy credits
13 from an eligible generating resource generated or produced
14 outside of Wyoming to meet the minimum production standards
15 specified in W.S. 37-16-302 if the electric utility
16 demonstrates to the commission's satisfaction that:

17

18 (i) Eligible generating resources located within
19 Wyoming are unavailable;

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21 (ii) Energy credits for electricity from an
22 eligible generating resource located in Wyoming are
23 unavailable for purchase; or

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2 (iii) Energy credits are available from outside
3 of Wyoming that will result in lower costs to Wyoming
4 electric utility customers.

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6 (d) An electric utility shall not resell or otherwise
7 transfer energy credits and count those sold credits
8 against the electric utility's obligation to meet the
9 standards specified in W.S. 37-16-302.

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11 (e) If an electric utility is unable to meet the
12 standards specified in W.S. 37-16-302 in any compliance
13 year, the electric utility shall pay an administrative
14 penalty, assessed by the commission, of ten dollars
15 (\$10.00) for each megawatt hour of energy the electric
16 utility failed to produce and for each megawatt hour of
17 energy credits the electric utility failed to procure. An
18 electric utility may not recover this penalty through its
19 electricity rates.

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21 **37-16-304. Procurement; reporting.**

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1 (a) In meeting the requirements of this article, an
2 electric utility shall:

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4 (i) Conduct energy credit solicitation under
5 which the electric utility offers to purchase energy
6 credits under contracts of not less than ten (10) years in
7 duration;

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9 (ii) When procuring energy credits, consider the
10 importance of dispatch ability and other attributes of the
11 eligible generating resource contained in the commission's
12 supply procurement rules.

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14 (b) In accordance with commission rules, an electric
15 utility shall submit annual reports demonstrating
16 compliance with this article for each compliance year. The
17 reports shall be filed with the commission not later than
18 March 1 of the year following a compliance year.

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20 **37-16-305. Commission authority; rulemaking**
21 **authority; penalties.**

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1 (a) Not later than November 1, 2020, the commission
2 shall adopt rules to implement and enforce the provisions
3 of this article. The rules shall establish:

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5 (i) An energy credit tracking system and a
6 system to track energy production to verify compliance with
7 this article;

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9 (ii) A system by which electricity generating
10 resources may be certified as eligible generating
11 resources;

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13 (iii) Requirements for annual reports and supply
14 procurement;

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16 (iv) An appropriate administrative penalty not
17 to exceed one thousand dollars (\$1,000.00) for an electric
18 utility's failure to file an annual report.

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20 **Section 2.** W.S. 37-2-122(a) is amended to read:

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22 **37-2-122. Matters considered in fixing rates; order**
23 **changing services or facilities.**

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2 (a) In determining what are just and reasonable rates
3 the commission ~~may~~shall take into consideration the
4 requirements of W.S. 37-16-301 through 37-16-305, the
5 availability or reliability of service, depreciation of
6 plant, technological obsolescence of equipment, expense of
7 operation, physical and other values of the plant, system,
8 business and properties of the public utility whose rates
9 are under consideration. In determining just and reasonable
10 rates for electricity the commission shall also consider
11 common sets of facts developed pursuant to W.S.
12 37-2-114(b)(i) and regional benefits provided by the
13 utility.

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15 **Section 3.** This act is effective immediately upon
16 completion of all acts necessary for a bill to become law
17 as provided by Article 4, Section 8 of the Wyoming
18 Constitution.

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(END)