

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

IN RE: INQUIRY OF THE OKLAHOMA)
CORPORATION COMMISSION TO) CAUSE NO. PUD 202000083
EXAMINE ISSUES RELATED TO ENERGY)
AND PUBLIC UTILITIES)



NOTICE OF INQUIRY

BY THE COMMISSION:

On the recommendation of the Public Utility Division (“PUD”), the Oklahoma Corporation Commission (“Commission” or “OCC”) opens this Notice of Inquiry (“NOI”) to identify and examine issues regarding maximizing available or developing resources in Oklahoma, including battery storage, renewable natural gas and related infrastructure, increased bill information, statewide utility rate transparency and reporting, utility related eminent domain best practices, electric and Compressed Natural Gas (“CNG”) vehicles, and findings and key recommendations resulting from the Oklahoma Academy 2019 Town Hall “Oklahoma Energy: Optimizing Our Resources for the Future.” Additionally, relative to these matters, the Commission seeks input regarding any need for changes to 17 O.S. §§ 151 *et seq.* and/or the Commission’s rules in Chapters 35 and 45 of Title 165 of the Oklahoma Administrative Code (“OAC”). To the extent a response to a question suggests the need for a rule or statute change, it would be helpful, when possible, for the commenter to provide a redline version of the proposed or suggested language change to be considered.

I. AREAS OF INQUIRY

The areas of inquiry as stated above are diverse, as some topics involve multiple, related issues. Further, resolution of some issues may be addressed through rule changes while others may require statutory changes. The Commission recognizes the significant scope of this inquiry and that some parties may not respond to all questions or topics. The following are some, but not necessarily all, of the areas and associated questions to be considered and for which the Commission would request comment.

A. Battery Storage

The role that grid-scale battery storage plays in a power system has gained prominence because of the increasing need for power system flexibility, coupled with the rapid decline in the cost of storage technologies. More utilities and governments are determining whether battery storage is a cost-effective option for integrating large shares of variable renewable energy, such as wind and solar, into their power systems.

Against this backdrop of evolving technologies, the Commission requests comment on the following questions:

Energy Storage NOI Questions

1. What types of regulations need to be in place for Oklahoma to be a competitive state with respect to energy storage projects?
2. How can or should the State Legislature play a role in the development of this technology?
3. What are potential public safety, health, and environmental factors to consider?
4. Which geographic locations in Oklahoma are suitable for this type of industry?
5. What is a realistic timeframe for development of significant battery storage?
6. What are the benefits or drawbacks, if any, to Oklahoma and Oklahomans with development of energy storage projects?
7. What has Southwest Power Pool (“SPP”) addressed in relation to energy storage?
8. What actions has or could SPP take that would impact Oklahoma with regard to energy storage?
9. Should alternative models for regulating utility rates be considered to address energy storage?
10. What technologies for energy storage seem most feasible short term and long term?
11. Have other states put regulations in place for energy storage? If so, which States, and what similar regulations could Oklahoma potentially consider?
12. What successes or lessons have other utilities, companies, States, or countries experienced regarding energy storage? What regulations and/or laws have they put in place regarding energy storage, and with what result(s)?
13. What role should Oklahoma’s electric utilities play in the development of grid-scale energy storage?
14. What is currently being done in Oklahoma on battery storage?
15. What additional questions, if any, should be asked concerning energy storage?

B. Renewable Natural Gas

Recently proposed legislation¹ indicates an interest by some Oklahoma lawmakers in renewable natural gas as a complement to our State’s vast natural gas and renewable energy resources that can be carbon neutral or carbon negative. The proposed legislation expressed an intent for renewable natural gas to be allowed in the portfolio of natural gas utilities for Oklahoma energy consumers’ fueling, heating, and power needs, and that natural gas utilities play a unique and necessary role in procuring, transporting and delivering gas, including renewable natural gas to Oklahoma energy consumers.

The proposed legislation defined “Biogas” as a mixture of carbon dioxide and hydrocarbons, primarily methane gas, released from the biological decomposition of waste, including, but not limited to, animal manure, wastewater, municipal solid waste, landfilled waste, fats, oils and greases and food waste; and “Renewable natural gas” as:

- a. Biogas-derived methane gas that is interchangeable with geologic natural gas,
- b. Hydrogen gas or carbon oxides derived from renewable energy sources, or

¹ House Bill 3970 (2020 Regular Session)

- c. Methane gas derived from any combination of hydrogen gas or carbon oxides derived from renewable energy sources, biogas and waste carbon dioxide.

The legislation also would have directed the OCC to, in part, commence a Notice of Inquiry regarding the ability, and appropriateness, of natural gas utilities to procure, transport and deliver renewable natural gas to customers. It also sought: a recommendation for the State's renewable fuel standard, or goal, to more proactively promote biogas, renewable natural gas and hydrogen as solutions for reducing methane emissions and other environmental problems; a discussion of the methods for recovery of associated costs from ratepayers, such as transport infrastructure and commodity costs; and the production of educational materials to provide Oklahoma residents with information regarding renewable natural gas and its positive environmental impacts and benefits as well as future reporting requirements for all producers to be addressed.

Accordingly, the Commission seeks comment on the following:

1. Do you support renewable natural gas mandates or goals for Oklahoma's regulated utilities? Why?
2. Do you support renewable natural gas as an option for Oklahoma's regulated utilities? Why?
3. What issues related to renewable natural gas do you believe need to be addressed, including regulatory framework, to ensure safe and reliable services at a reasonable cost to consumers?
4. Are there any technological barriers regulated utilities face related to possible renewable natural gas mandates in Oklahoma?
5. What issues related to renewable natural gas infrastructure would need to be considered by the OCC and/or legislature?
6. What statutory provisions, if any, would you recommend related to this subject? Please include any related rules recommendations.
7. What other questions, if any, should be considered related to this matter?

C. Increased Bill information

Legislation² recently introduced but not signed into law would have required the OCC to coordinate with certain entities to promulgate rules; instructing certain electricity providers to separate certain charges on customer bills; requiring certain information to be on customer bills; requiring retail rate schedules to contain certain information about subsidies; and providing for codification.

The proposed legislation would have required the OCC to coordinate with relevant stakeholders to promulgate implementing rules for 2021 to require the following:

1. For all retail rate schedules to separate charges for energy usage from charges for delivery of electricity and any other customer charges;
2. For these separately stated charges to be placed on the face of all electric utility bills and be separated from all other customer charges and charges for delivery; and

² Senate Bill 1229 (2020 Regular Session)

3. For all retail rate schedules to include any requirements and the amount available for rate subsidies to ratepayers in need of economic assistance for electricity.

In consideration of legislators' interest in this subject, the Commission would request comment on the following:

- a. What challenges, if any, would the potential requirements as listed in C(1) through (3) above create for utility providers?
- b. Would meeting these potential requirements increase costs to consumers?
- c. Would meeting these potential requirements increase the possibility of confusion to consumers? If so, what could be done to lessen the possibility of that confusion?

D. Statewide Utility Rate Transparency and Reporting

There has been continued interest from stakeholders, legislators, and businesses across the State in having a central location to compare rates of all providers. However, the OCC does not currently have access to the rates of entities supplying power who are not subject to OCC regulation. This limitation includes many large municipal systems across the State.

Accordingly, the Commission seeks comment on the following:

1. Do you support a requirement for central location access to electric and/or gas utility rates across the State?
2. What legislative or rule changes would need to occur for this to happen (if any)?
3. What items should be included in the report if required?
4. Is the OCC the appropriate body to collect and post the data if required?
5. Additionally, do you believe Oklahoma rate regulation of investor owned utilities has assisted in Oklahoma maintaining its position as a low power cost state?
6. What other questions should be considered related to this matter?

E. Eminent Domain and Consumer Protections

Oklahoma legislators conducted a study on eminent domain in 2019. This study resulted in numerous discussions around best practices and consumer protections related to energy infrastructure around the State. The House also approved Interim Study 20-076 in July 2020 to address eminent domain issues, including Landowners' Bill of Rights. While the OCC is not an authoritative body related to eminent domain, it is able to help gather information related to public utilities and recommendations for future legislative action.

Therefore, the Commission seeks comments on the following:

1. Are there legislative changes you would recommend related to public utility use of eminent domain, and if so, what are they?
2. Do you believe there are items that should be required in negotiation for land use related to energy infrastructure?
3. What other questions should be considered related to this matter?

F. Electric and CNG Vehicles

Legislation³ was introduced last session that would have created the Electric Vehicle Revenue Solutions Task Force to study and evaluate a revenue solution for electric vehicles and their impacts on Oklahoma roads, including an alternative to the state motor fuel tax and method for collecting road use revenue for out-of-state electric vehicles traveling on Oklahoma roads. In addition, two Interim Studies, 20-033 and 20-077, the subject of which are electric vehicles, were approved in July 2020.

Additionally, the OCC has been supportive of regulatory practices that expanded the use of CNG vehicles and fueling stations across the state. Actions were taken to support the Oklahoma Energy plan put in place during Governor Mary Fallin's term. As these practices have been in place for a number of years, PUD would recommend seeking input on any additional actions recommended related to CNG vehicles and fueling stations.

In response to the interest expressed by some legislators, and an increase in electric vehicles in Oklahoma and corresponding rise in demand on utility providers to meet this increase, the Commission would request comment on the following:

1. What challenges does any increase of electric vehicles present to utility providers?
2. What plans are proposed by utility providers to meet the challenges identified above?
3. On January 1, 2020, the OCC issued a Final Report on Oklahoma's Transmission Capacity.⁴ Are additional transmission upgrades needed to meet the increased demand of electric vehicles?
4. What plans, if any, do utility providers propose to construct electric vehicle recharging stations? (Including any partnerships or support of 3rd party installers)
5. Are there additional challenges or hindrances presented by existing Oklahoma Statutes or rules? If so, which Oklahoma Statutes, or rules, and what changes would you recommend?
6. Do utility providers plan to implement or seek changes to accommodate electric vehicles and, if so, what plans or changes?

In response to continued interest in CNG vehicles and fueling stations in Oklahoma, the Commission would request comment on the following:

1. Do you believe the regulatory practices related to CNG vehicles and fueling stations in Oklahoma have supported the expanded use in Oklahoma? If so, how?
2. What changes have taken place related to CNG vehicles and fueling stations of which the OCC should be aware and take notice or action?
3. What plans are proposed by utility providers to meet the challenges identified above?
4. Are there additional challenges or hindrances presented by existing Oklahoma Statutes? If so, which Oklahoma Statutes and what changes would you recommend?
5. Do utility providers plan to implement or seek changes to make additional accommodations for CNG vehicles or fueling stations and, if so, what plans or changes

³ Senate Bill 1193 (2020 Regular Session)

⁴ <https://www.occeweb.com/pu/PUD%20Reports%20Page/2020TransmissionExpansionReport.pdf>

6. Do you recommend any changes to the current regulatory practices related to CNG vehicles or fueling stations?

G. Findings and Key Recommendations from the Oklahoma Academy 2019 Town Hall (“Report”)⁵

In 2019, over a two-day period, the Oklahoma Academy held discussions on Oklahoma Energy and optimizing resources for the future. This process included stakeholders from numerous fields, agencies, and stakeholder groups. The town hall participants ultimately advanced 15 key recommendations for energy. While the recommendations have been submitted to the legislature, the OCC would like to request further discussion on the following:

1. The formation of an Oklahoma Center for Energy and Environmental Excellence (“OCEEE”) to serve as “a one stop shop to handle and coordinate all task force, research, and council related recommendations tasked with proliferation of energy literacy, education workforce development, public private partnerships, and growth opportunities in all facets of the energy industry”. Report, page 3.
2. Do you believe the type of stakeholder collaboration that occurred at the Academy’s Town Hall would be a useful ongoing tool for Oklahoma in developing policies, procedures, legislation, and goals?
3. Are there any members you would recommend beyond those listed in the Oklahoma Academy report?
4. What role(s) do you believe the OCC should play as a principle energy regulatory body in Oklahoma on a go forward basis?
5. What process would you recommend the body follow if formed?
 - i. Regular meeting schedule?
 - ii. Reporting to OCC and/or Legislature on recommendation?
 - iii. Suggested roles of members?
 - iv. Topics for consideration by the body?
6. Do you believe legislation is necessary for this recommendation to be implemented and would you support the OCC forming such a stakeholder group in the absence of a legislative solution?
7. What other questions, if any, should the OCC consider in regard to the Oklahoma Academy recommendations?

II. LEGAL AUTHORITY

The Commission has jurisdiction over the above-entitled NOI pursuant to Article IX, Section 18, of the Oklahoma Constitution and 17 O.S. §§ 151 *et seq.*

III. COMMENTS, TECHNICAL CONFERENCE(S), AND HEARING

Interested persons are invited to submit written comments and to attend the technical conference to the fullest extent possible. The purpose of the technical conference will be to receive

⁵ <https://okacademy.org/wp-content/uploads/2020/01/2019-Town-Hall-Report-web.pdf>

pertinent information and to discuss issues and comments received by the Commission in response to this NOI. Commissioners may attend and participate in the technical conference.

Comments: Due October 19, 2020

Those persons interested in submitting comments should file one (1) copy of their written comments, referring to Cause No. PUD 202000083, with the Commission's Court Clerk. The comments will be made available for public inspection at www.occeweb.com and by telephone, email, or in-person request during regular business hours of the Commission's Court Clerk, 8:00 a.m. to 4:30 p.m. Further, the Comments should be transmitted electronically to all parties that have filed an Entry of Appearance or, where possible, to those who filed comments in this Docket, and to Michael L. Velez at Michael.Velez@occ.ok.gov and the Public Utility Division at PUDsubmissions@occ.ok.gov.

Technical Conference: October 29, 2020 at 10:30 a.m.

Additional Technical Conferences may be scheduled if necessary. Unless otherwise indicated, all Technical Conferences will be held in person in, or virtually from, Room 301, Third Floor, Jim Thorpe Office Building, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105. It should also be noted that each Technical Conference will be issue driven and may not necessarily have discussion on each and every topic raised in the NOI.

Public Hearing Date: November 19, 2020 at 9:30 a.m.

The Commission shall consider the issues presented and the comments received in this NOI at a public hearing in person in, or virtually from, Room 301, Third Floor, Jim Thorpe Office Building, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105. In the event further discussions are necessary, PUD will request a continuance of the hearing date to ensure all stakeholder input is considered.

For further information and inquiries regarding this NOI, please contact Michael L. Velez, Deputy General Counsel, by telephone (405) 522-5930, e-mail Michael.Velez@occ.ok.gov, or at Room 400, Jim Thorpe Office Building, 2101 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105, or Post Office Box 52000, Oklahoma City, Oklahoma 73152-2000.

CORPORATION COMMISSION OF OKLAHOMA

J. TODD HIETT, Chairman

BOB ANTHONY, Vice Chairman

DANA L. MURPHY, Commissioner

CERTIFICATION

DONE AND PERFORMED by the Commissioners participating in the issuance of this Notice of Inquiry, as shown by their signatures above, this ____ day of _____ 2020.

[SEAL]

PEGGY MITCHELL, Commission Secretary

Cause No.

CORPORATION COMMISSION OF OKLAHOMA

J. TODD HIETT, CHAIRMAN

BOB ANTHONY, VICE CHAIRMAN

DANA L. MURPHY, COMMISSIONER

CERTIFICATION

DONE AND PERFORMED by the Commissioners participating in the making of this Notice of Inquiry, as shown by their signatures above, this _____ day of _____, 2020.

BY ORDER OF THE COMMISSION:
