HB1602 FULLPCS1 Ryan Martinez-JBH 2/13/2023 4:16:37 pm

COMMITTEE AMENDMENT HOUSE OF REPRESENTATIVES State of Oklahoma

SPEAKER:

CHAIR:

I move to amend <u>HB1602</u> Of the printed Bill Page Section Lines Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Amendment submitted by: Ryan Martinez

Adopted: _____

Reading Clerk

1	STATE OF OKLAHOMA
2	1st Session of the 59th Legislature (2023)
3	PROPOSED COMMITTEE SUBSTITUTE
4	FOR HOUSE BILL NO. 1602 By: Martinez
5	HOUSE BILL NO. 1002 By: Maitinez
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8	PROPOSED COMMITTEE SUBSTITUTE
9	An Act relating to the Oklahoma Corporation Commission; creating the Oklahoma Electric Choice and
10	Competition Law; stating legislative intent; defining terms; requiring Corporation Commission permit retail
11	electric supplier choice by certain date; requiring access to certain competitive market; requiring the
12	promulgation of certain rules; requiring electric utilities provide certain access; requiring electric
13	utilities unbundle certain rates; requiring electric Commission to continue certain regulation; requiring
14	certain rates remain the same; requiring certain
15	obligations, protections, and costs remain in place; requiring Commission develop Customer Bill of Rights;
16	stating requirements for Customer Bill of Rights; requiring certain access to financial assistance
17	remain intact; requiring Commission establish certain guidelines; stating requirements of certain
18	guidelines; requiring electric utilities provide certain access; requiring Commission develop certain
19	processes; requiring electric utilities to continue to provide certain services; allowing customers to
20	select preferred billing method; requiring Commission develop certain procedures and requirements for
21	alternative billing; requiring Commission develop certain education program and disseminate information
22	related to that program; allowing for certain costs to be recovered; requiring Commission explore certain
23	website options; requiring electric utilities continue to provide certain services; requiring
24	certain customers to pay certain costs; requiring certain costs be determined; requiring Commission

1 establish certain process; stating requirements for certain process; requiring electric retail suppliers 2 hold a license; requiring Commission issue license upon certain findings; requiring Commission develop certain applications, internal procedures and 3 financial security requirements; allowing for the recovery of certain costs; requiring Commission make 4 certain determination regarding stranded cost 5 recovery; stating what certain costs include; allowing for the divestment of certain assets; prohibiting the use of certain assets and cost 6 recovery; requiring Commission make certain 7 determination; requiring the submission of certain compliance plan by certain date; listing requirements of certain compliance plan; requiring certain review 8 and hearing; requiring certain notice; requiring 9 Commission issue certain order; requiring certain actions if plan is rejected; requiring Commission 10 promulgate certain rules; requiring Commission monitor market; requiring Commission take steps to prevent certain conduct; authorizing the Commission 11 to investigate and establish certain guidelines; providing for codification; and providing an 12 effective date. 13 14 15 16 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA: 17 SECTION 1. NEW LAW A new section of law to be codified 18 in the Oklahoma Statutes as Section 803.1 of Title 17, unless there 19 is created a duplication in numbering, reads as follows: 20 This act shall be known and may be cited as the "Oklahoma 21 Electric Choice and Competition Law". 22 SECTION 2. NEW LAW A new section of law to be codified 23 in the Oklahoma Statutes as Section 803.2 of Title 17, unless there 24 is created a duplication in numbering, reads as follows:

The Legislature of the State of Oklahoma finds and declares as
 follows:

3 1. Electricity is essential to the health and well-being of 4 residents, to public safety, and to economic development, and 5 electricity should be available to all customers on reasonable terms 6 and conditions;

7 2. It is in the public interest to permit customers of 8 investor-owned electric utilities that serve more than one hundred 9 thousand (100,000) customers to obtain direct access to a 10 competitive retail electric market for the purchase of electric 11 generation service;

12 3. It is in the public interest to permit commercial and 13 industrial customers to initially obtain direct access to the 14 competitive retail electric market, followed by a phase-in that 15 affords residential customers the same access;

4. Electric utilities will remain responsible for owning and
maintaining the transmission and distribution systems and providing
transmission and distribution services as monopoly functions;

19 5. A competitive retail electric market shall be implemented 20 through a fair and orderly transition for the generation and sale or 21 purchase of electricity;

22 6. The transition to a competitive retail electric market 23 should not adversely affect customers or result in a decline in the 24

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1 protections, policies, and services that are currently in place for 2 customers;

7. Electric utilities have generally had an obligation to serve 3 customers within their defined service territories and, consistent 4 5 with that obligation, have undertaken long-term investments in generation, transmission, and distribution facilities and entered 6 7 into long-term power supply agreements. Some of these investments and agreements have created costs that may not be recoverable in a 8 9 competitive market. Electric utilities should be permitted to 10 recover these stranded costs, as well as transition costs incurred 11 to implement electric competition; and

12 8. Under current law, the generation, transmission, and 13 distribution of electricity is provided by electric utilities under 14 bundled rates. In order to permit customers to have direct access 15 to a competitive market for the purchase of electricity, electric 16 utilities shall unbundle these rates into rates for generation, 17 transmission, and distribution. This unbundling process should be 18 performed in a manner that does not cause any cross-subsidization 19 among customer classes.

20 SECTION 3. NEW LAW A new section of law to be codified 21 in the Oklahoma Statutes as Section 803.03 of Title 17, unless there 22 is created a duplication in numbering, reads as follows: 23 As used in the Oklahoma Electric Choice and Competition Law:

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1. "Anticompetitive or discriminatory conduct" means conduct by
 an electric utility which inhibits the ability of retail electric
 suppliers to provide electric generation service to customers or
 which creates an impression that the basic generation service by the
 electric utility is superior to offerings in the competitive market
 or provides an advantage to any related retail electric supplier
 over nonaffiliated retail electric suppliers;

8 2. "Basic generation service" is the electricity that electric 9 utilities continue to supply to customers who do not select a retail 10 electric supplier when given direct access to retail electric 11 suppliers;

12 3. "Commercial and industrial customer" means a customer 13 receiving distribution service from the electric utility under a 14 nonresidential tariff;

4. "Commission" means the Oklahoma Corporation Commission or
 Corporation Commission of Oklahoma;

17 5. "Competitive procurement process" means an auction in which
18 wholesale electric suppliers submit bids to supply electric
19 generation service to the electric utility for basic generation
20 service supplied to customers;

6. "Competitive transition charge" means, a non-bypassable mechanism for the recovery of transition or stranded costs by the electric utility;

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7. "Compliance plan" means a plan filed by an electric utility
 to implement the provisions of this act relating to restructuring,
 transition or stranded costs, unbundling, and direct access;

8. "Cooperative" means a person doing business in the state
pursuant to Section 437.1 et seq. of Title 18 of the Oklahoma
Statutes;

9. "Customer" means a retail customer receiving service from an
8 electric utility or a retail electric supplier;

9 10. "Direct access" means the ability of a customer to purchase
10 electricity directly from a retail electric supplier;

11 11. "Dual bill" means a separate bill sent by a retail electric 12 supplier to a customer containing only the charges for electric 13 generation service;

14 12. "Electric generation service" means the generation or sale 15 of electricity to customers by retail electric suppliers;

16 13. "Electric utility" means any investor-owned public utility 17 engaged in the furnishing of electric service to one hundred 18 thousand (100,000) or more customers;

19 14. "Hourly prices" means charges for basic generation service 20 that vary hour-to-hour and are determined from wholesale market 21 prices using a methodology approved by the Commission;

15. "Indirect costs" means those overhead or shared costs that are incurred by an electric utility on a total company basis to

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1 provide distribution service and basic generation service to 2 customers on its distribution system;

3 16. "Non-bypassable charge" means a charge that is assessed on 4 all customers of an electric utility's distribution system, which 5 cannot be bypassed by opting to receive electric generation service 6 from a retail electric supplier in the market;

7 17. "Residential customer" means a customer receiving 8 distribution service from the electric utility under a residential 9 tariff;

10 18. "Restructuring" means the process of restructuring the 11 monopoly electric utility to allow customers to choose a retail 12 electric supplier for electric generation service but still receive 13 transmission and distribution service from the electric utility;

14 19. "Retail electric supplier" means an entity licensed by the
15 Commission to supply electric generation service to customers;

16 20. "Supplier consolidated billing" means a billing procedure 17 under which a retail electric supplier sends a consolidated bill to 18 a customer, containing its electric generation service charges and 19 the electric utility's distribution charges;

20 21. "Transition or stranded costs" means costs which would have 21 been recoverable by electric utilities in a monopoly environment but 22 may not be recovered in a competitive generation market. Costs 23 include regulatory assets and other deferred charges, environmental 24 expenses, cost obligations under long-term contracts, and customer

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education and other costs associated with implementing electric
 choice, in addition to any costs identified by the Commission;

3 22. "Transmission and distribution service" means delivery of 4 electricity provided by the electric utility over its transmission 5 and distribution systems;

6 23. "Unbundling" means separating the process of electric
7 service into its three basic components of transmission,
8 distribution and generation services, and identifying the costs
9 incurred by the electric utility to provide each component of the
10 electric service; and

11 24. "Utility consolidated billing" means a billing procedure 12 under which an electric utility sends a consolidated bill to a 13 customer, containing its distribution charges and the retail 14 electric supplier's electric generation service charges.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 803.04 of Title 17, unless there is created a duplication in numbering, reads as follows:

18 A. Beginning January 1, 2025, the Oklahoma Corporation
19 Commission shall permit commercial and industrial customers of
20 electric utilities to choose a retail electric supplier.

B. On a timeframe determined by the Commission, but no later than January 1, 2027, the Commission shall permit residential customers of electric utilities to choose a retail electric supplier.

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SECTION 5. NEW LAW A new section of law to be codified
 in the Oklahoma Statutes as Section 803.05 of Title 17, unless there
 is created a duplication in numbering, reads as follows:

A. All customers of electric utilities shall have direct access
to a competitive market for the generation of electricity, enabling
them to choose the entity that supplies electric generation service,
consistent with the timeframes established in Section 4 of this act.

B. The Oklahoma Corporation Commission shall promulgate rules
and procedures for a fair and orderly restructuring process for the
sale and purchase of electric generation service.

11 C. Electric utilities shall provide open access over their 12 transmission and distribution systems to allow retail electric 13 suppliers to sell electric generation service directly to customers 14 in Oklahoma.

D. Electric utilities shall unbundle the rates charged for
generation, transmission, and distribution services for all classes
of residential, commercial, and industrial customers.

E. Following unbundling, the Commission shall continue to
regulate the transmission and distribution of electricity by
electric utilities as monopoly functions and shall enforce the rules
relating to direct access and basic generation service procurement.

F. The unbundled rates of residential customers will remain the same as they were on the effective date of this act unless the

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Commission approves an increase to the charges of the electric
 utility.

3 SECTION 6. NEW LAW A new section of law to be codified 4 in the Oklahoma Statutes as Section 803.06 of Title 17, unless there 5 is created a duplication in numbering, reads as follows:

A. Nothing in this act shall be viewed as affecting the
obligations of electric utilities to provide safe, reliable, and
affordable service.

9 B. The transition to a competitive retail electric market shall 10 not adversely affect customers or result in a decline in the 11 protections, policies, and services that are currently in place for 12 customers.

C. The unbundling process required by this act shall preserve a fair allocation of costs among customers, as per rules promulgated by the Oklahoma Corporation Commission.

16 SECTION 7. NEW LAW A new section of law to be codified 17 in the Oklahoma Statutes as Section 803.07 of Title 17, unless there 18 is created a duplication in numbering, reads as follows:

19 A. Before residential customers gain direct access to the 20 competitive market for electricity and are able to choose the entity 21 that supplies their electric generation service, the Oklahoma 22 Corporation Commission shall develop and enforce a "Customer Bill of 23 Rights", which addresses, at a minimum, the following rights to:

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Choose a retail electric supplier in areas where competitive
 supplies are offered;

3 2. Receive unbiased, accurate, and understandable information4 to help them shop for electricity;

3. Select terms and conditions, subject to availability,
including pricing and products, among the competitive supplies that
are offered;

8 4. Receive the benefits of new services, technological
9 advances, improved efficiency, and competitive prices;

10 5. Receive protections from unfair, deceptive, fraudulent, and 11 anti-competitive practices of retail electric suppliers;

6. Expect that the quality, reliability, and maintenance of electric distribution service will not change and is still monitored by the Commission;

15 7. Question and dispute the accuracy of the charges assessed by16 retail electric suppliers; and

17 8. Receive information from the retail electric supplier
18 regarding the manner in which to file a complaint with the
19 Commission.

B. Nothing in this act shall adversely affect the ability of residential customers to retain access to any and all financial assistance benefits, including those currently available to qualifying low income customers.

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C. Through an on-the-record proceeding, the Commission shall
 establish guidelines for the provision of electric generation
 service to residential customers which ensure:

4 1. Accurate and adequate pricing information, through marketing5 and disclosure statements;

6 2. An understandable format that enables comparing prices and7 services on a uniform basis; and

3. Clear processes to confirm and document a customer's intent
to switch to a retail electric supplier to avoid any unauthorized
switches to electric generation service in the competitive market.
SECTION 8. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 803.08 of Title 17, unless there
is created a duplication in numbering, reads as follows:

A. All electric utilities have an obligation to provide open and nondiscriminatory access to their systems as needed for retail electric suppliers to provide service. Such access includes customer metering and other customer information so long as the retail electric supplier receives customer consent for the release of the data.

B. The Oklahoma Corporation Commission shall develop processes for retail electric suppliers to confirm and document the customer's consent to release data; however, such processes may not require onerous signature or other requirements to be received from the customer.

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C. All electric utilities shall continue to provide metering
 services, but customer-specific data shall be released to retail
 electric suppliers upon customer consent.

D. Customers shall have the ability to select their preferred
billing method including, but not limited to, utility consolidated
billing, supplier consolidated billing, and dual bills. The
Commission shall institute an on-the-record proceeding to develop
the necessary procedures and requirements to implement alternate
billing methods.

10 SECTION 9. NEW LAW A new section of law to be codified 11 in the Oklahoma Statutes as Section 803.09 of Title 17, unless there 12 is created a duplication in numbering, reads as follows:

13 Upon the effective date of this act, the Oklahoma Α. 14 Corporation Commission shall immediately commence a proceeding to 15 develop a comprehensive customer education program to ensure that 16 customers have access to accurate information about their ability to 17 directly access the competitive market. The proceeding shall 18 explore ways for the Commission to partner with electric utilities 19 to disseminate Commission-endorsed educational pieces or engage in a 20 statewide campaign, as well as appropriate cost recovery from all 21 customers to support the customer education program.

B. To the extent the costs are known when the compliance plans
are filed, they may be approved for recovery through the nonbypassable competitive transition charge.

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C. The Commission shall explore the use of a website option, or
 shopping website, which enables customers to compare products and
 services being offered by retail electric suppliers.

4 SECTION 10. NEW LAW A new section of law to be codified 5 in the Oklahoma Statutes as Section 803.10 of Title 17, unless there 6 is created a duplication in numbering, reads as follows:

A. On and after January 1, 2025, electric utilities shall
continue to provide basic generation service to commercial and
industrial customers that do not choose a retail electric supplier.

10 Commercial and industrial customers that do not choose a Β. retail electric supplier shall pay hourly prices for electricity, 11 12 along with indirect costs incurred by the electric utility that are 13 not directly attributable to basic generation service but are 14 associated with resources that support the provision of basic 15 generation service. The indirect costs shall be determined through 16 a fully allocated cost study performed by the electric utility, 17 which examines each indirect cost category and reasonably allocates 18 a portion of each cost category used to provide or support basic 19 generation service to the basic generation service price.

20 SECTION 11. NEW LAW A new section of law to be codified 21 in the Oklahoma Statutes as Section 803.11 of Title 17, unless there 22 is created a duplication in numbering, reads as follows:

A. On and after a date established by the Oklahoma Corporation
Commission that is no later than January 1, 2027, the electric

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utility shall continue to provide basic generation service to
 residential customers who do not choose a retail electric supplier.

Residential customers shall pay a monthly price established 3 в. 4 through a Commission-approved competitive procurement process and 5 which shall include costs incurred by the electric utility to conduct the procurement process. The price shall also include 6 7 indirect costs as determined through a fully allocated cost study performed by the electric utility, which examines each indirect cost 8 9 category and reasonably allocates a portion of each cost category 10 used to provide or support basic generation service to the basic 11 generation service price.

12 SECTION 12. NEW LAW A new section of law to be codified 13 in the Oklahoma Statutes as Section 803.12 of Title 17, unless there 14 is created a duplication in numbering, reads as follows:

A. The Oklahoma Corporation Commission shall establish the competitive procurement process referred to in Section 11 of this act.

B. The competitive procurement process shall consist of a multi-round, descending clock auction for the procurement of electricity to meet one-third (1/3) of the service requirements, including energy, capacity, ancillary services, and other services identified by the Commission, of the customers of the electric utilities who have not chosen a retail electric supplier for a three-year period. This process shall be repeated annually.

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SECTION 13. NEW LAW A new section of law to be codified
 in the Oklahoma Statutes as Section 803.13 of Title 17, unless there
 is created a duplication in numbering, reads as follows:

4 No entity shall engage in the business of a retail electric Α. 5 supplier in this state unless the person or corporation holds a license issued by the Oklahoma Corporation Commission. 6 The 7 Commission shall issue such license only upon finding that the person or corporation is fit, willing, and able to properly perform 8 9 the service proposed and to conform to all legal requirements 10 consistent with the public interest and the policy declared in this 11 act.

12 B. The Commission shall develop:

A standard written application to gather the information
 needed to assess an applicant;

Internal procedures to process written applications no later
 than ninety (90) days after they are properly submitted; and

3. Financial security requirements to ensure the financial
responsibility of the competitive retail electric supplier, the
supply of electricity at retail in accordance with contracts,
agreements, or arrangements, and the payment of all required
applicable state taxes.

22 SECTION 14. NEW LAW A new section of law to be codified 23 in the Oklahoma Statutes as Section 803.14 of Title 17, unless there 24 is created a duplication in numbering, reads as follows:

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A. Nothing in this act shall preclude an electric utility from recovering transition or stranded costs, which traditionally would have been recoverable in a regulated environment but may not be recoverable in a competitive electric generation market and which the Oklahoma Corporation Commission determines will remain following mitigation by the electric utility.

B. In determining the level of stranded cost recovery, the
Commission shall seek to avoid the shifting of such costs among
classes of residential, commercial, and industrial customers.

10 C. Transition or stranded costs include regulatory assets and 11 other deferred charges, environmental expenses, cost obligations 12 under long-term contracts, and customer education and other costs 13 associated with implementing electric choice, in addition to any 14 costs identified by the Commission.

SECTION 15. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 803.15 of Title 17, unless there is created a duplication in numbering, reads as follows:

18 A. At any time, electric utilities may opt to divest their
19 generation assets. The assets may be divested by one of the
20 following options at the discretion of the electric utility:

Sell generation assets to an unaffiliated entity; or
 Transfer generation assets to an unregulated affiliate at a
 fair market price.

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B. Once a competitive market for electric generation service is implemented for commercial and industrial customers, an electric utility that continues to own generation assets may not use them to provide basic generation service to its commercial and industrial customers and may not recover the costs of generation from its provision of basic generation service to commercial and industrial customers.

8 C. Once a competitive market for electric generation service is 9 implemented for residential customers, an electric utility that 10 continues to own generation assets may not use them to provide basic 11 generation service to its residential customers and may not recover 12 the costs of generation from its provision of basic generation 13 service to residential customers.

D. The Oklahoma Corporation Commission shall determine whether it is necessary to establish, in addition to existing Southwest Power Pool protections, an independent market monitor to ensure that no entity owns generation assets in an amount that gives the entity market power.

SECTION 16. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 803.16 of Title 17, unless there is created a duplication in numbering, reads as follows:

A. Each electric utility shall submit to the Oklahoma
Corporation Commission a compliance plan to implement direct access
to a competitive market for the generation of electricity. The

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1 plans shall be submitted within six (6) months after the effective 2 date of this act.

B. A compliance plan shall include, in addition to other4 components determined by the Commission, the following:

Identification and quantification of transition or stranded
costs, along with an explanation of mitigation efforts taken to
minimize these costs;

8 2. A proposed non-bypassable competitive transition charge for
9 each customer class for the recovery of transition or stranded
10 costs;

Proposed unbundled rates for each customer class for
 generation, transmission, and distribution services;

4. Proposed level of indirect costs to be recovered in the initial basic generation service price established pursuant to Sections 10 and 11 of this act. The Commission-approved amount of indirect costs to be recovered in the initial basic generation service price shall be re-evaluated every three (3) years in connection with the competitive procurement process established pursuant to Section 12 of this act;

20 5. Description of the unbundling process, including an
21 explanation of the steps taken by the electric utility to ensure
22 that the proposed unbundled rates do not result in the creation of
23 cross-subsidies that adversely affect residential customers;

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6. Procedures for ensuring direct access to all licensed retail
 2 electric suppliers; and

7. Revised tariffs and rate schedules implementing the above. 3 4 С. The Commission shall review each compliance plan and, after 5 evidentiary hearings, and providing notice and opportunity to be heard for all parties, issue an order accepting, modifying, or 6 7 rejecting the plan, no later than six (6) months from the filing of the plan. If the Commission rejects the plan, it shall state the 8 9 specific reasons and direct the electric utility to file an 10 alternative plan within thirty (30) days. The Commission shall 11 review the alternative plan and solicit comments from interested 12 parties.

SECTION 17. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 803.17 of Title 17, unless there is created a duplication in numbering, reads as follows:

16 The Oklahoma Corporation Commission shall develop Α. 17 regulations to assure the provision of direct access on equal and 18 nondiscriminatory terms to all customers and competitive retail 19 electric suppliers; prevent discrimination in rates, terms or 20 conditions of service by electric utilities; prevent the cross-21 subsidization of service among customer classes or between related 22 electric utilities and retail electric suppliers; forbid unfair or 23 deceptive practices; and establish and maintain an effective and

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vibrant competitive market in the purchase and sale of retail
 electricity in the state.

B. The Commission shall monitor the market for the supply and
distribution of electricity to customers and take steps to prevent
anti-competitive or discriminatory conduct and the unlawful exercise
of market power.

SECTION 18. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 803.18 of Title 17, unless there is created a duplication in numbering, reads as follows:

10 The Oklahoma Corporation Commission is authorized to investigate 11 and establish guidelines for any and all retail market enhancement 12 programs that may facilitate the ability of retail electric 13 suppliers to offer competitive products and services to customers. 14 Such programs may include, but are not limited to, purchase of 15 receivables programs, customer referral programs, and municipal 16 aggregation programs.

SECTION 19. This act shall become effective November 1, 2023.

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