

House Bill 516

By: Representatives Drenner of the 86th, Abrams of the 84th, Thomas of the 100th, Frazier of the 123rd, Hudson of the 124th, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 46 of the Official Code of Georgia Annotated, relating to public utilities, so
2 as to provide for the establishment of voluntary portfolio standard goals for renewable
3 energy; to provide for legislative intent and purpose; to provide for definitions; to provide
4 for reports, incentives, penalties, and rules and regulations; to provide for a renewable energy
5 credits trading program; to provide for a registry of producers of renewable energy in this
6 state; to provide for credits for landfill gas or other renewable energy in the form of gas
7 supplied by a producer of renewable energy and sold to a customer or gas distribution
8 system; to provide for a reporting system to monitor compliance; to encourage integrated
9 resource plans to include sufficient renewable energy resources to meet the portfolio standard
10 goals for renewable energy; to amend Code Section 50-23-4 of the Official Code of Georgia
11 Annotated, relating to definitions concerning the Georgia Environmental Finance Authority,
12 so as to include in the definition of "project" renewable energy facilities such that the
13 Georgia Environmental Finance Authority may issue bonds to finance such projects; to
14 provide for related matters; to repeal conflicting laws; and for other purposes.

15 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

16 **SECTION 1.**

17 Title 46 of the Official Code of Georgia Annotated, relating to public utilities, is amended
18 by revising Article 1 of Chapter 3, relating to generation and distribution of electricity, by
19 adding a new part as follows:

20 "Part 4"

21 46-3-70.

22 (a) It is the intent of the legislature to recognize the economic, environmental, and fuel
23 diversity benefits of renewable energy resources, to encourage further development of
24 these resources, and to encourage the establishment of a market for renewable energy in

25 Georgia using the state's renewable energy resources. These efforts can reduce the
26 consumption of fossil fuels for the generation of electricity and reduce the state's
27 dependence on finite, nonrenewable resources. Accordingly, the legislature finds that goals
28 should be established for electric utilities to guide them in incorporating renewable
29 resources into their resource portfolios.

30 (b) The purpose of this part is to lessen Georgia's dependence on fossil fuels and the
31 exposure of Georgia's consumers to volatile and rising prices for coal and natural gas by
32 encouraging the greater use of renewable energy by establishing goals for electric utility
33 companies in implementing portfolio standards for renewable energy.

34 46-3-71.

35 As used in this part, the term:

36 (1) 'Biomass material' means organic matter, excluding fossil fuels and black liquor,
37 including agricultural crops, plants, trees, wood, wood wastes and residues, sawmill
38 waste, sawdust, wood chips, bark chips, and forest thinning, harvesting, or clearing
39 residues; wood waste from pallets or other wood demolition debris; peanut shells; cotton
40 plants; corn stalks; and plant matter, including aquatic plants, grasses, stalks, vegetation,
41 and residues, including hulls, shells, or cellulose containing fibers.

42 (2) 'Commission' means the Georgia Public Service Commission.

43 (3) 'Electric membership corporation' means a corporation organized under Article 4 of
44 this chapter.

45 (4) 'Electric service provider' means any electric utility company, electric membership
46 corporation, or municipal electric provider engaged in the business of distributing
47 electricity to retail or wholesale electric customers in this state.

48 (5) 'Electric utility company' means an electric utility as defined in Code Section 46-1-1.

49 (6) 'Low impact hydropower' means a dam and powerhouse that:

50 (A) Is certified as low impact by the Low Impact Hydropower Institute; or

51 (B) Is evaluated by the commission as compliant with the following standards:

52 (i) Providing river flows that are healthy for fish, wildlife, and water quality,
53 including seasonal flow fluctuations where appropriate;

54 (ii) Protecting water quality in the river;

55 (iii) Providing effective fish passage and protecting fish from entrainment;

56 (iv) Taking sufficient action to protect, mitigate, and enhance environmental
57 conditions in the watershed;

58 (v) Avoiding negative impact on species classified as threatened or endangered by
59 the federal or state government;

60 (vi) Avoiding inappropriate impact on cultural resources;

61 (vii) Providing free access to the water and accommodating recreational activities on
62 the river; and

63 (viii) Avoiding recommendation for removal by a federal or state agency due to
64 adverse environmental impact.

65 (7) 'Municipal electric provider' means an electric service provider owned or operated
66 by a municipal corporation.

67 (8) 'Renewable energy' means electrical energy produced from or by any of the
68 following: wind; solar energy; low impact hydropower; geothermal resources; ocean
69 thermal energy; wave or tidal energy; biofuels derived entirely from organic sources other
70 than coal, petroleum, or natural gas; the combustion of landfill gas; methane gas resulting
71 from the anaerobic decomposition of organic materials; plasma arc; pyrolysis;
72 gasification; biomass materials; postconsumer waste paper; forest related sources,
73 including mill residues, waste pallets, crates, and dunnage; or forest and agricultural
74 biomass sources, including orchard tree crops, vineyard, grain, legumes, sugar,
75 switchgrass, other crop by-products or residues, and precommercial thinning, slash,
76 brush, or landscape trimmings, but not including old-growth timber.

77 (9) 'Renewable energy credit' means a tradeable instrument created as an attribute of
78 renewable energy in accordance with rules and regulations promulgated pursuant to Code
79 Section 46-3-73.

80 46-3-72.

81 (a) No later than July 1, 2012, the commission shall establish renewable energy sources
82 energy portfolio standard goals for electric service providers to reach on an annual basis.
83 Such goals shall not exceed 12 percent of annual net electricity sales. In developing the
84 renewable energy sources energy portfolio standard, the commission shall evaluate current
85 and forecasted levelized cost in cents per kilowatt hour through 2020 and current and
86 forecasted installed capacity in kilowatts for each renewable energy generation method
87 through 2020.

88 (b) When an electric service provider has reached the maximum standard goal established
89 by the commission as provided in subsection (a) of this Code section, the electric service
90 provider is encouraged to maintain such renewable energy portfolio as a percentage of its
91 annual net electricity sales.

92 (c) The commission may provide incentives to encourage electric service providers to
93 exceed the energy portfolio standard goals established by the commission or to meet such
94 goals early, or both.

95 (d) For electric service providers subject to rate determination by the commission, the cost
96 of purchases of energy and energy credits to meet energy portfolio standard goals or to

97 meet such goals early shall not be included in the rate base as expenses of the electric
98 service provider in such rate determination.

99 46-3-73.

100 (a) No later than July 1, 2012, the commission shall adopt rules and regulations to
101 implement, administer, and enforce this part.

102 (b) At a minimum, the rules and regulations shall:

103 (1) Require that proposed capacity additions shall meet the emissions requirements of
104 the more stringent of the following:

105 (A) The Georgia rules and regulations for air quality; or

106 (B) The best achievable control technology;

107 (2) Establish a renewable energy credits trading program, allowing any electric service
108 provider to purchase sufficient energy credits to meet the goals established in Code
109 Section 46-3-72;

110 (3) Establish a registry of producers of renewable energy in this state. Electric service
111 providers may purchase renewable energy or renewable energy credits directly from
112 producers on the Georgia registry. In promulgating rules and regulations in accordance
113 with this paragraph, the commission shall provide for such procedures and processes to
114 utilize renewable energy credits from producers on the Georgia registry and from
115 producers outside the state so as to achieve the maximum benefit to the state in terms of
116 the state's economy, environment, and fuel diversity. The commission may establish and
117 support other mechanisms for direct marketing of renewable energy and energy credits
118 by Georgia producers of such renewable energy;

119 (4) Provide that an electric service provider may credit toward satisfaction of the goals
120 set out in Code Section 46-3-72 any production or acquisition of renewable energy in the
121 form of gas sold to a customer or to a gas distribution system or credits based on such
122 gas, based on conversion to kilowatt hours of the thermal energy content in British
123 thermal units of the renewable energy and using for the conversion factor the
124 system-wide average heat rate of the gas-fired units of the electric service provider's
125 system as measured in British thermal units per kilowatt hour; provided, however, that
126 for co-firing renewable and nonrenewable fuels, only the renewable portion of British
127 thermal units per kilowatt hour shall be allowed as a credit;

128 (5) Provide for a reporting system to monitor voluntary compliance with this part. The
129 reporting system shall require electric service providers to report whether they are subject
130 to energy portfolio requirements in more than one state and the amount of such
131 requirements, if applicable, and to indicate the sources of energy or energy credits used

132 to voluntarily comply with the energy portfolio goals in Georgia and the requirements of
133 other applicable states;
134 (6) Provide for annual reporting by all electric service providers of any renewable energy
135 credits purchased, including whether such purchases were made inside or outside of the
136 state, how the renewable generation costs compared to costs from other generation
137 sources, and the average price paid for the renewable energy credits; and
138 (7) Require that an electric service provider certify that any of its renewable energy
139 credits sold meet state standards."

140 SECTION 2.

141 Said title is further amended by revising paragraph (7) of Code Section 46-3A-1, relating to
142 definitions relative to integrated resource planning, as follows:

143 "(7) 'Plan' means an integrated resource plan which contains the utility's electric demand
144 and energy forecast for at least a 20 year period, contains the utility's program for meeting
145 the requirements shown in its forecast in an economical and reliable manner, contains the
146 utility's analysis of all capacity resource options, including both demand-side and
147 supply-side options, and sets forth the utility's assumptions and conclusions with respect
148 to the effect of each capacity resource option on the future cost and reliability of electric
149 service. The plan shall also:

- 150 (A) Contain the size and type of facilities which are expected to be owned or operated
151 in whole or in part by such utility and the construction of which is expected to
152 commence during the ensuing ten years or such longer period as the commission deems
153 necessary and shall identify all existing facilities intended to be removed from service
154 during such period or upon completion of such construction;
- 155 (B) Contain practical alternatives to the fuel type and method of generation of the
156 proposed electric generating facilities and set forth in detail the reasons for selecting the
157 fuel type and method of generation;
- 158 (C) Contain a statement of the estimated impact of proposed and alternative generating
159 plants on the environment and the means by which potential adverse impacts will be
160 avoided or minimized;
- 161 (D) Indicate in detail the projected demand for electric energy for a 20 year period and
162 the basis for determining the projected demand;
- 163 (E) Describe the utility's relationship to other utilities in regional associations, power
164 pools, and networks;
- 165 (F) Identify and describe all major research projects and programs which will continue
166 or commence in the succeeding three years and set forth the reasons for selecting
167 specific areas of research;

168 (G) Identify and describe existing and planned programs and policies to discourage
169 inefficient and excessive power use; and
170 (H) Identify and describe existing and planned renewable energy resources sufficient
171 to voluntarily comply with energy portfolio standard goals set out in Code Section
172 46-3-72;
173 (I) Identify and describe existing and planned renewable generation sources used by
174 the utility; and
175 (H)(J) Provide any other information as may be required by the commission."

SECTION 3.

177 Code Section 50-23-4 of the Official Code of Georgia Annotated, relating to definitions
178 concerning the Georgia Environmental Finance Authority, is amended by revising
179 subparagraph (A) of paragraph (12) as follows:

180 "(A) The acquisition, construction, installation, modification, renovation, repair,
181 extension, renewal, replacement, or rehabilitation of land, interest in land, buildings,
182 structures, facilities, or other improvements and the acquisition, installation, modification,
183 renovation, repair, extension, renewal, replacement, rehabilitation, or furnishing of
184 fixtures, machinery, equipment, furniture, or other property of any nature whatsoever
185 used on, in, or in connection with any such land, interest in land, building, structure,
186 facility, or other improvement, all for the essential public purpose of providing
187 environmental facilities and services, including but not limited to renewable energy
188 generation facilities, so as to meet public health and environmental standards, protect the
189 state's valuable natural resources, or aid the development of trade, commerce, industry,
190 agriculture, and employment opportunities, including, but not limited to, any project as
191 defined by Code Section 12-5-471; and"

SECTION 4.

193 All laws and parts of laws in conflict with this Act are repealed.