

House Bill 503

By: Representatives Drenner of the 85<sup>th</sup>, Fullerton of the 153<sup>rd</sup>, Buckner of the 137<sup>th</sup>, Holcomb of the 81<sup>st</sup>, Frye of the 118<sup>th</sup>, 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 style="text-align:center">**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 style="text-align:center">"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 service  
 33 providers 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) 'Electric membership corporation' means a corporation organized under Article 4 of  
 43 this chapter.

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

47 (4) 'Low impact hydropower' means a dam and powerhouse that:

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

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

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

52 (ii) Protecting water quality in the river;

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

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

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

58 (vi) Avoiding inappropriate impact on cultural resources;

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

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

63 (5) 'Municipal electric provider' means an electric service provider owned or operated  
64 by a municipal corporation.

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

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

78 46-3-72.

79 (a) No later than July 1, 2014, the commission shall establish renewable energy sources  
80 energy portfolio standard goals for electric service providers to reach on an annual basis.  
81 Such goals shall not exceed 12 percent of annual net electricity sales. In developing the  
82 renewable energy sources energy portfolio standard, the commission shall evaluate current  
83 and forecasted levelized cost in cents per kilowatt hour through 2022 and current and  
84 forecasted installed capacity in kilowatts for each renewable energy generation method  
85 through 2022.

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

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

93 (d) For electric service providers subject to rate determination by the commission, the cost  
94 of purchases of energy and energy credits to meet energy portfolio standard goals or to  
95 meet such goals early shall not be included in the rate base as expenses of the electric  
96 service provider in such rate determination.

97 46-3-73.

98 (a) No later than July 1, 2014, the commission shall adopt rules and regulations to  
99 implement, administer, and enforce this part.

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

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

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

104 (B) The best achievable control technology;

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

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

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

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

132 (6) Provide for annual reporting by all electric service providers of any renewable energy  
133 credits purchased, including whether such purchases were made inside or outside of the

134 state, how the renewable generation costs compared to costs from other generation  
 135 sources, and the average price paid for the renewable energy credits; and  
 136 (7) Require that an electric service provider certify that any of its renewable energy  
 137 credits sold meet state standards."

138 **SECTION 2.**

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

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

148 (A) Contain the size and type of facilities which are expected to be owned or operated  
 149 in whole or in part by such utility and the construction of which is expected to  
 150 commence during the ensuing ten years or such longer period as the commission deems  
 151 necessary and shall identify all existing facilities intended to be removed from service  
 152 during such period or upon completion of such construction;

153 (B) Contain practical alternatives to the fuel type and method of generation of the  
 154 proposed electric generating facilities and set forth in detail the reasons for selecting the  
 155 fuel type and method of generation;

156 (C) Contain a statement of the estimated impact of proposed and alternative generating  
 157 plants on the environment and the means by which potential adverse impacts will be  
 158 avoided or minimized;

159 (D) Indicate in detail the projected demand for electric energy for a 20 year period and  
 160 the basis for determining the projected demand;

161 (E) Describe the utility's relationship to other utilities in regional associations, power  
 162 pools, and networks;

163 (F) Identify and describe all major research projects and programs which will continue  
 164 or commence in the succeeding three years and set forth the reasons for selecting  
 165 specific areas of research;

166 (G) Identify and describe existing and planned programs and policies to discourage  
 167 inefficient and excessive power use; ~~and~~

168 (H) Identify and describe existing and planned renewable energy resources sufficient  
 169 to voluntarily comply with energy portfolio standard goals set out in Code Section  
 170 46-3-72;

171 (I) Identify and describe existing and planned renewable generation sources used by  
 172 the utility; and

173 ~~(H)~~(J) Provide any other information as may be required by the commission."

174 **SECTION 3.**

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

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

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191 **SECTION 4.**

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