

HB0374S01 compared with HB0374

~~text~~ shows text that was in HB0374 but was deleted in HB0374S01.

text shows text that was not in HB0374 but was inserted into HB0374S01.

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Senator Evan J. Vickers proposes the following substitute bill:

STATE ENERGY POLICY AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: {} Colin W. Jack

Senate Sponsor: { _____ } Evan J. Vickers

LONG TITLE

General Description:

This bill modifies the state energy policy.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ provides that the state energy policy:
 - is focused on human well-being and quality of life;
 - encourages the use of dispatchable energy resources;
 - fosters innovation and development to meet future energy demand; and
 - allows for market-based solutions; and
- ▶ requires the Office of Energy Development to report annually to the Public Utilities, Energy, and Technology Interim Committee regarding:

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- development and implementation of the state energy plan; and
- the state energy plan's compliance with the state energy policy; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

79-6-102, as renumbered and amended by Laws of Utah 2021, Chapter 280

79-6-301, as last amended by Laws of Utah 2023, Chapters 186, 195

79-6-401, as last amended by Laws of Utah 2023, Chapter 196

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **79-6-102** is amended to read:

79-6-102. Definitions.

As used in this chapter:

(1) "Adequate" means an amount of energy sufficient to continuously meet demand from under normal conditions, not including planned outages and temporary service disruptions.

(2) "Affordable" means priced to be accessible to the population without causing financial strain or compromising basic needs, quality of life, or well-being.

(~~1~~3) "Appointing authority" means:

- (a) on and before June 30, 2029, the governor; and
- (b) on and after July 1, 2029, the executive director.

(~~2~~4) "Clean" means minimizing adverse environmental impact and able to meet state standards for environmental quality.

(~~3~~5) "Dispatchable" means available for use on demand and generally available to be delivered at a time and quantity of the operator's choosing.

(~~4~~6) "Electrical corporation" means the same as that term is defined in Section 54-2-1.

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~~[(2)]~~ ~~(57)~~ (a) On and before June 30, 2029, "energy advisor" means the governor's energy advisor appointed under Section 79-6-401.

(b) On and after July 1, 2029, "energy advisor" means the energy advisor appointed by the executive director under Section 79-6-401.

~~(68)~~ "Gas corporation" means the same as that term is defined in Section 54-2-1.

~~(79)~~ "Intermittent" means available for use on a variable basis that is dependent on elements outside of the control of the operator.

~~[(3)]~~ ~~(810)~~ "Office" means the Office of Energy Development created in Section 79-6-401.

~~(911)~~ (a) "Reliable" means supporting a system generally able to provide a continuous supply ~~{of electricity at the proper voltage and frequency }~~ and the resiliency to withstand sudden or unexpected disturbances.

~~(b) "Reliable" includes, for systems delivering electricity, the ability to provide electricity at the proper voltage and frequency.~~

~~(1012)~~ "Secure" means protected against disruption, tampering, and external interference.

~~[(4) "State agency" means an executive branch:]~~

~~[(a) department;]~~

~~[(b) agency;]~~

~~[(c) board;]~~

~~[(d) commission;]~~

~~[(e) division; or]~~

~~[(f) state educational institution.]~~

~~(1113)~~ "Sustainable" means domestically sourced and able to provide affordable, reliable energy in adequate quantities for current and future generations without compromising economic prosperity or environmental health.

~~(1214)~~ "Governmental entity" means:

(a) any department, agency, board, commission, or other instrumentality of the state; or

(b) a political subdivision of the state. ~~{ }~~

Section 2. Section 79-6-301 is amended to read:

79-6-301. State energy policy.

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~~[(1) It is the policy of the state that:]~~

~~[(a) Utah shall have adequate, reliable, affordable, sustainable, and clean energy resources;]~~

~~[(b) Utah shall promote the development of:]~~

~~[(i) nonrenewable energy resources, including natural gas, coal, oil, oil shale, and oil sands;]~~

~~[(ii) renewable energy resources, including geothermal, solar, wind, biomass, biofuel, and hydroelectric;]~~

~~[(iii) nuclear power generation technologies certified for use by the United States Nuclear Regulatory Commission including molten salt reactors producing medical isotopes;]~~

~~[(iv) alternative transportation fuels and technologies;]~~

~~[(v) infrastructure to facilitate energy development, diversified modes of transportation, greater access to domestic and international markets for Utah's resources, and advanced transmission systems;]~~

~~[(vi) energy storage, pumped storage, and other advanced energy systems, including hydrogen from all sources;]~~

~~[(vii) electricity systems that can be controlled at the request of grid operators to meet system load demands, to ensure an adequate supply of dispatchable energy generation resources;]~~

~~[(viii) electricity systems that are stable and capable of serving load without accelerating damage to customer equipment; and]~~

~~[(ix) increased refinery capacity;]~~

~~[(c) Utah shall promote the development of resources and infrastructure sufficient to meet the state's growing demand, while contributing to the regional and national energy supply, thus reducing dependence on international energy sources;]~~

~~[(d) Utah shall promote the development of resources, tools, and infrastructure to enhance the state's ability to:]~~

~~[(i) respond effectively to significant disruptions to the state's energy generation, energy delivery systems, or fuel supplies;]~~

~~[(ii) maintain adequate supply, including reserves of proven and cost-effective dispatchable electricity reserves to meet grid demand; and]~~

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~~[(iii) ensure the state's energy independence by promoting the use of energy resources generated within the state;]~~

~~[(e) Utah shall allow market forces to drive prudent use of energy resources, although incentives and other methods may be used to ensure the state's optimal development and use of energy resources in the short- and long-term;]~~

~~[(f) Utah shall pursue energy conservation, energy efficiency, and environmental quality;]~~

~~[(g) Utah shall promote the development of a secure supply chain from resource extraction to energy production and consumption;]~~

~~[(h) (i) state regulatory processes should be streamlined to balance economic costs with the level of review necessary to ensure protection of the state's various interests; and]~~

~~[(ii) where federal action is required, Utah will encourage expedited federal action and will collaborate with federal agencies to expedite review;]~~

~~[(i) Utah shall maintain an environment that provides for stable consumer prices that are as low as possible while providing producers and suppliers a fair return on investment, recognizing that:]~~

~~[(i) economic prosperity is linked to the availability, reliability, and affordability of consumer energy supplies; and]~~

~~[(ii) investment will occur only when adequate financial returns can be realized;]~~

~~[(j) Utah shall promote training and education programs focused on developing a comprehensive understanding of energy, including:]~~

~~[(i) programs addressing:]~~

~~[(A) energy conservation;]~~

~~[(B) energy efficiency;]~~

~~[(C) supply and demand; and]~~

~~[(D) energy related workforce development; and]~~

~~[(ii) energy education programs in grades kindergarten through grade 12; and]~~

~~[(k) Utah shall promote the use of clean energy sources by considering the emissions of an energy resource throughout the entire life cycle of the energy resource.]~~

~~[(2) State agencies are encouraged to conduct agency activities consistent with Subsection (1).]~~

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~~[(3) A person may not file suit to challenge a state agency's action that is inconsistent with Subsection (1).]~~

(1) It is the policy of the state that:

(a) (i) Utah will develop its energy resources and plan its energy future with a focus on human well-being and quality of life, recognizing that reliable access to energy is vital for human health, adaptation, economic growth, and prosperity;

(ii) Utah shall have energy resources that have the following attributes, listed in order of priority:

(A) adequate;

(B) reliable;

(C) dispatchable;

(D) affordable;

(E) sustainable;

(F) secure; and

(G) clean; and

(iii) Utah shall encourage the construction and use of ~~electricity~~ energy systems that balance the criteria described in Subsection (1)(a)(ii) while giving priority to the criteria in the order they are listed in Subsection (1)(a)(ii);

(b) (i) Utah shall foster market-based solutions to:

(A) meet current and future energy demands;

(B) protect proven technologies; and

(C) minimize political uncertainties in pursuing energy development and strategy;

(ii) Utah shall promote the development of a diverse energy portfolio, including:

(A) dispatchable energy resources, including natural gas, coal, oil, and hydroelectric;

(B) nuclear power generation technologies certified for use by the United States

Nuclear Regulatory Commission including molten salt reactors producing medical isotopes;

(C) intermittent energy resources, including solar and wind;

(D) clean energy sources by considering the ~~environmental impact, including~~ emissions, of an energy resource throughout the entire life cycle of the energy resource; and

(E) increased refinery capacity; ~~and~~

(iii) Utah shall encourage innovation in the development of energy resources,

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including:

(A) emerging energy resources, including geothermal, biomass, biofuel, oil shale, and oil sands;

(B) alternative transportation fuels and technologies; and

(C) energy storage, pumped storage, and other developing energy systems, including hydrogen from all sources~~};~~;

(c) (i) Utah shall streamline state regulatory processes to balance economic costs with the level of review necessary to ensure protection of the state's interests; ~~and~~

(ii) Utah shall encourage expedited federal action and will collaborate with federal agencies to expedite review;~~}; and~~

(d) (i) Utah shall maintain an environment that provides for stable consumer prices that are as low as possible while providing producers and suppliers a fair return on investment, recognizing that:

(A) economic prosperity is linked to the availability, reliability, and affordability of consumer energy supplies; and

(B) investment will occur only when adequate financial returns can be realized~~};~~;

(ii) Utah shall assess the utility value of each prospective energy resource to meet the state's increasing demands ~~for energy and shall:~~

~~—— (A) ~~};~~ including:~~

~~(A) a market analysis with and without government subsidies; and~~

~~(B) the total system impact of an energy resource;~~

~~(iii) Utah shall provide support for the innovation, research and development of new energy resources~~};~~ and~~};~~~~

~~—— (B) ~~Utah shall~~ promote the development of resources and infrastructure sufficient to meet the state's growing demand~~}, while contributing~~ and to contribute to the regional and national energy supply, thus reducing dependence on international energy materials; ~~and~~~~

~~(~~iii~~) ~~iv~~) Utah shall allow market forces to drive prudent use of energy resources, although incentives and other methods may be used to ensure the state's optimal development and use of energy resources in the short- and long-term;~~

~~(e) ~~(i)~~ Utah shall promote the development of resources, tools, and infrastructure to enhance the state's ability to:~~

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~~(A)~~i) maintain adequate supply, including reserves of proven and cost-effective ~~dispatchable electricity reserves~~ resources to meet ~~grid~~ demand;

~~(B)~~ii) ensure the state's energy independence by promoting and prioritizing the use of energy resources generated within the state; and

~~(C)~~iii) respond effectively to significant disruptions to the state's energy generation, energy delivery systems, or fuel supplies; ~~and~~

(f) (i) Utah shall research and develop in consideration of the complete life cycle of an energy resource including mining, transportation, consumption, disposal, and reclamation;

(ii) Utah shall promote the development of a secure supply chain from resource extraction to energy production and consumption; ~~and~~

(iii) Utah shall, in accordance with the policy principles described in this section, support the construction of infrastructure to encourage:

(A) energy development;

(B) diversified modes of energy transportation;

(C) greater access to domestic and international markets for Utah's resources; and

(D) advanced transmission systems;

(g) Utah shall pursue energy conservation, energy efficiency, and environmental quality; and

(h) Utah shall promote training and education programs developed by the office, focused on developing a comprehensive understanding of energy, including:

(i) programs addressing:

(A) supply and demand;

(B) energy related workforce development;

(C) energy efficiency; and

(D) energy conservation; and

(ii) energy education programs in grades kindergarten through grade 12.

(2) Governmental entities, the Public Service Commission, electric corporations, and gas corporations shall conduct activities consistent with Subsection (1).

(3) A person may not file suit to challenge a state agency's action that is inconsistent with Subsection (1).

Section 3. Section **79-6-401** is amended to read:

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79-6-401. Office of Energy Development -- Creation -- Director -- Purpose -- Rulemaking regarding confidential information -- Fees -- Transition for employees.

(1) There is created an Office of Energy Development in the Department of Natural Resources.

(2) (a) The energy advisor shall serve as the director of the office or, on or before June 30, 2029, appoint a director of the office.

(b) The director:

(i) shall, if the energy advisor appoints a director under Subsection (2)(a), report to the energy advisor; and

(ii) may appoint staff as funding within existing budgets allows.

(c) The office may consolidate energy staff and functions existing in the state energy program.

(3) The purposes of the office are to:

(a) serve as the primary resource for advancing energy and mineral development in the state;

(b) implement:

(i) the state energy policy under Section 79-6-301; and

(ii) the governor's energy and mineral development goals and objectives;

(c) advance energy education, outreach, and research, including the creation of elementary, higher education, and technical college energy education programs;

(d) promote energy and mineral development workforce initiatives; and

(e) support collaborative research initiatives targeted at Utah-specific energy and mineral development.

(4) By following the procedures and requirements of Title 63J, Chapter 5, Federal Funds Procedures Act, the office may:

(a) seek federal grants or loans;

(b) seek to participate in federal programs; and

(c) in accordance with applicable federal program guidelines, administer federally funded state energy programs.

(5) The office shall perform the duties required by Sections 11-42a-106, 59-5-102, 59-7-614.7, 59-10-1029, 63C-26-202, Part 5, Alternative Energy Development Tax Credit Act,

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and Part 6, High Cost Infrastructure Development Tax Credit Act.

(6) (a) For purposes of administering this section, the office may make rules, by following Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to maintain as confidential, and not as a public record, information that the office receives from any source.

(b) The office shall maintain information the office receives from any source at the level of confidentiality assigned by the source.

(7) The office may charge application, filing, and processing fees in amounts determined by the office in accordance with Section 63J-1-504 as dedicated credits for performing office duties described in this part.

(8) (a) An employee of the office is an at-will employee.

(b) For an employee of the office on July 1, 2021, the employee shall have the same salary and benefit options the employee had when the office was part of the office of the governor.

(9) (a) The office shall prepare a strategic energy plan to achieve the state's energy policy, including:

(i) technological and infrastructure innovation needed to meet future energy demand including:

(A) energy production technologies;

(B) battery and storage technologies;

(C) smart grid technologies;

(D) energy efficiency technologies; and

(E) any other developing energy technology, energy infrastructure planning, or investments that will assist the state in meeting energy demand;

(ii) the state's efficient utilization and development of:

(A) nonrenewable energy resources, including natural gas, coal, clean coal, hydrogen, oil, oil shale, and oil sands;

(B) renewable energy resources, including geothermal, solar, hydrogen, wind, biomass, biofuel, and hydroelectric;

(C) nuclear power; and

(D) earth minerals;

(iii) areas of energy-related academic research;

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(iv) specific areas of workforce development necessary for an evolving energy industry;

(v) the development of partnerships with national laboratories; and

(vi) a proposed state budget for economic development and investment.

(b) In preparing the strategic energy plan, the office shall consult with stakeholders, including representatives from:

(i) energy companies in the state;

(ii) private and public institutions of higher education within the state conducting energy-related research; and

(iii) other state agencies.

(c) [~~On or before the October 2023 interim meeting, the~~] The office shall report annually to the Public Utilities, Energy, and Technology Interim Committee ~~{on or before the October interim meeting }~~ [~~and the Executive Appropriations Interim Committee~~] on or before the October interim meeting describing:

(i) progress towards creation and implementation of the strategic energy plan;

(ii) the plan's compliance with the state energy policy; and

~~[(ii)]~~ (iii) a proposed budget for the office to continue development of the strategic energy plan.

Section 4. **Effective date.**

This bill takes effect on May 1, 2024.