Implementing a Plan – uniting gas, wind and efficiency in Oklahoma

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Oklahoma Secretary of Energy

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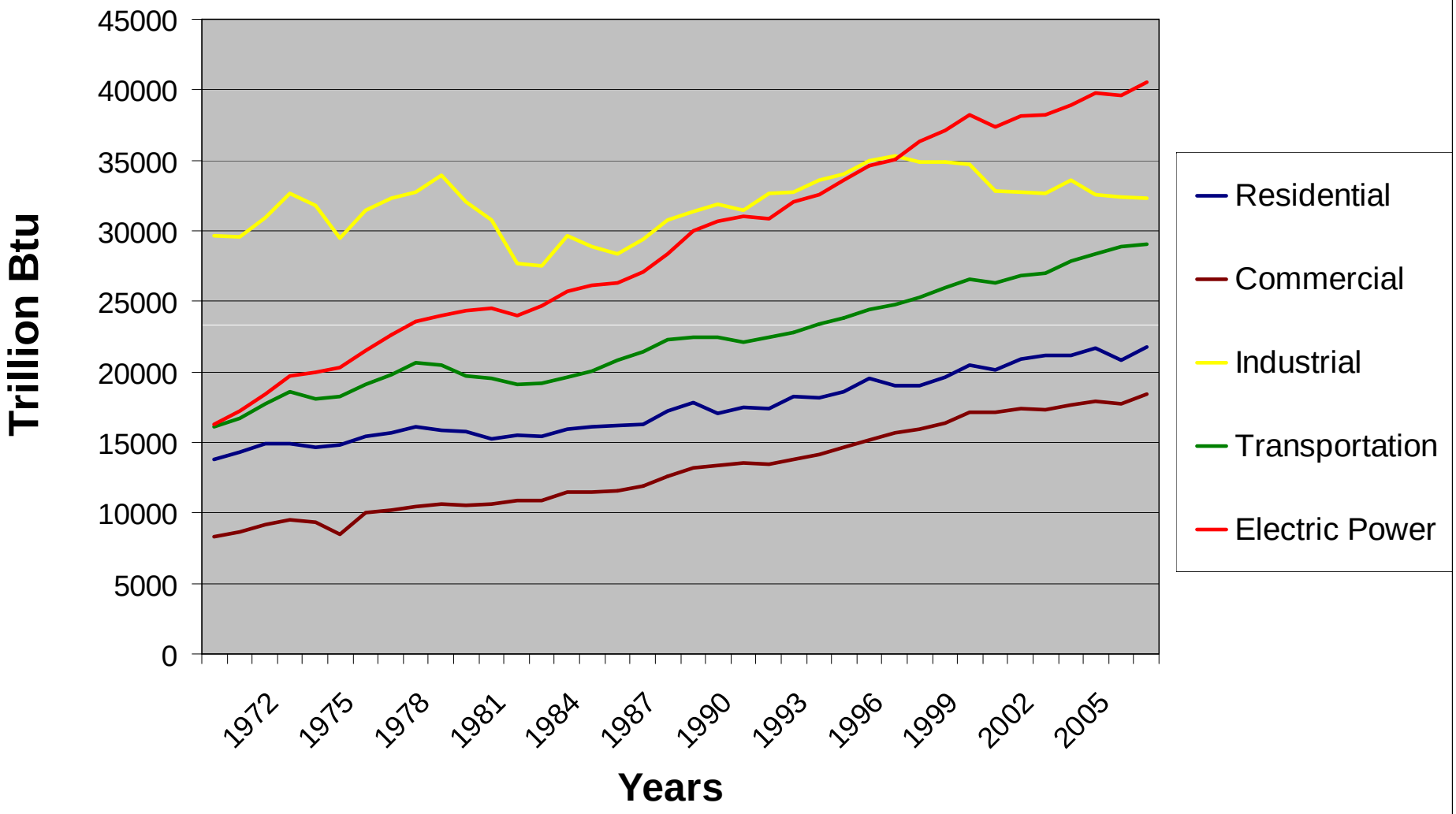
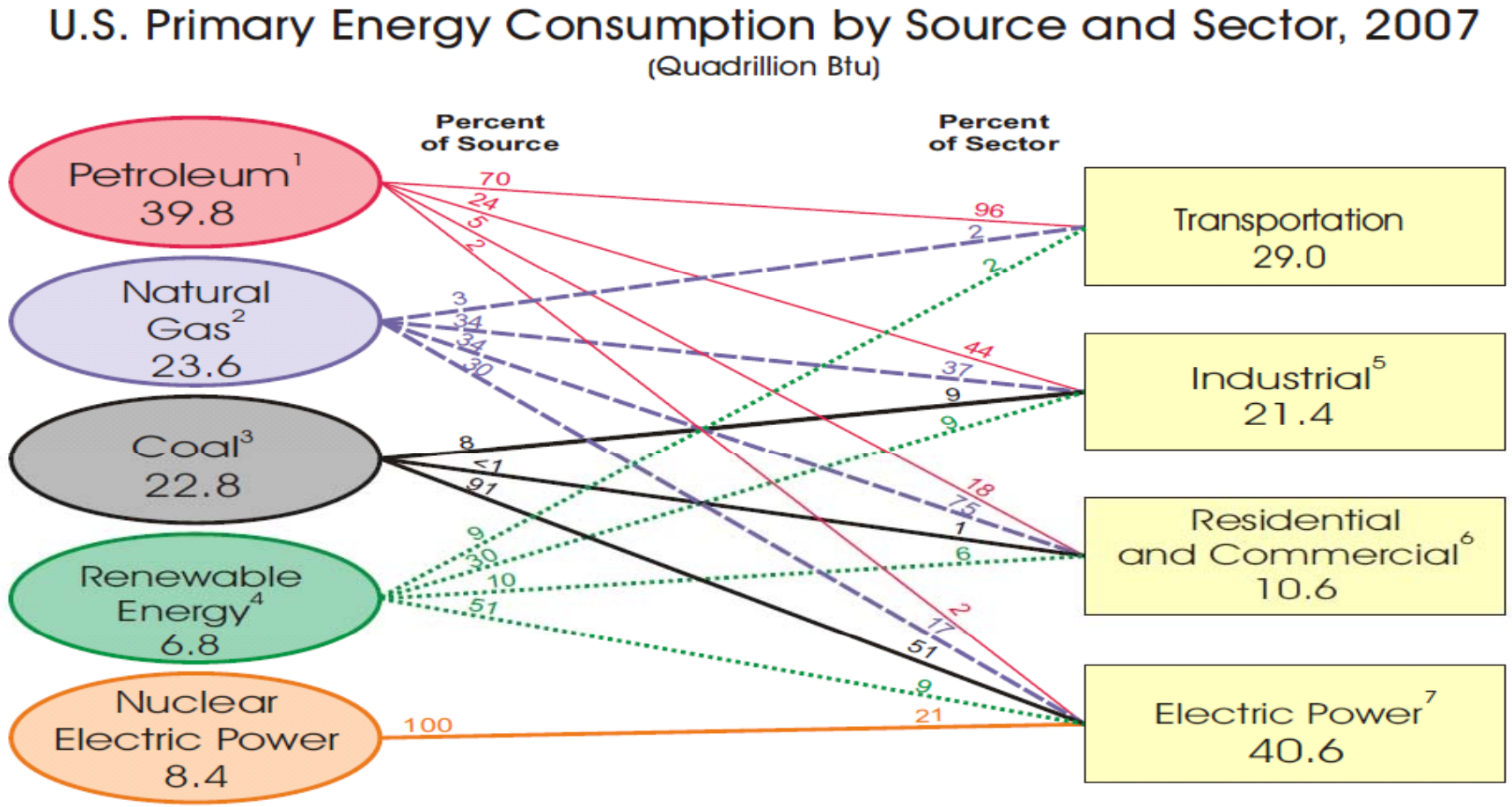
Energy Consumption by End Use Sector



Source: Energy Information Administration: 2008 Annual Energy Review

Transportation Fuel and Power Generation Issues



[1]Does not include 0.6 quadrillion Btu of fuel ethanol, which is included in "Renewable Energy."
[2]Excludes supplemental gaseous fuels.
[3]Includes less than 0.1 quadrillion Btu of coal coke net imports.
[4]Conventional hydroelectric power, geothermal, solar/PV, wind, and biomass.
[5]Includes industrial combined-heat-and-power (CHP) and industrial electricity-only plants.
[6]Includes commercial combined-heat-and-power (CHP) and commercial electricity-only plants.
[7]Electricity-only and combined-heat-and-power (CHP) plants whose primary business is to sell electricity, or electricity and heat, to the public.

Note: Sum of components may not equal 100 percent due to independent rounding.
Sources: Energy Information Administration, *Annual Energy Review 2007*, Tables 1.3, 2.1b-2.1f and 10.3.

Realities

Current Events

Politics

Critical Components of Energy Policy

- Stimulate Economic Growth
- Understand Cost and Environmental Impact on all Consumers – Industrial, Commercial, Residential
- Promote Sustainable Solutions

Where is Energy Policy Going?

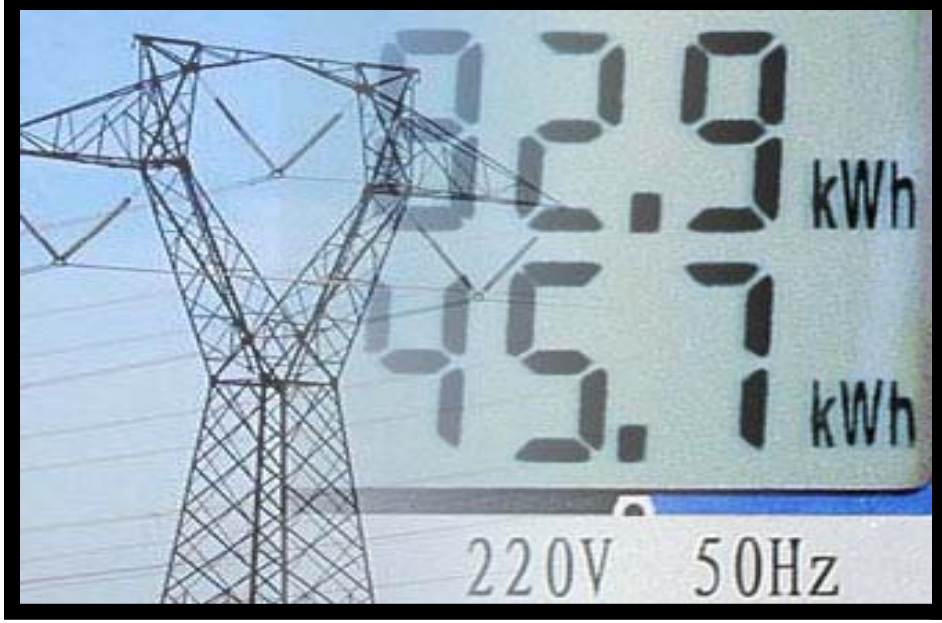
"Cap and trade was just one way of skinning that cat. I'm going to be looking for other ways to solve that problem."

- President Obama, November 2010

How is Oklahoma responding?

- Acknowledge federal objectives and regulatory changes when developing our energy policy

- Unite ***Oklahoma*** resources to maximize economic development, manage energy costs for consumers and address environmental factors


22.9
kWh
15.1
kWh
220V 50Hz


2042
CenterPoint Energy
OpenWay

Natural Gas – Hydraulic Fracturing

- Hydraulic Fracturing and technology improvements are the key to developing unconventional, domestic natural gas

- Oklahoma Corporation Commission Rulemaking (2010) Clarifying Existing Regulatory Structure

- Engage EPA and relevant NGO's

- Assist development of chemical registry

DISCLOSURE

Natural Gas – Power Generation

- Develop enhanced and transparent IRP process
- Enact pre-approval process to increase utility certainty
- Facilitate discussions of long-term fuel purchase contracts between utilities and producers
- Utilize legislative process/task forces to generate a thorough discussion of power generation options

Wind

- Economic benefit of 1,000 MW = $1.25 billion
  - 5,530 construction jobs, 215 permanent jobs
- $579k annually to Sharon-Mutual School district
- $478k annually to Fargo School District

- Transmission is the Key
  - Reduce congestion, Integrate new resources, Promote more competitive markets (lower costs to consumers)
  - Cost allocation, location planning and priority projects

- Provides Fuel Diversity

Efficiency and Demand-Management

- “We're now trying to make energy more expensive so people use less. That is a game changer.” *FERC Commissioner Philip Moeller*
- The future involves enhanced communication between supplier and consumer
- Key to avoid and/or delay new fossil fuel generation
- Policy must support
  - OCC rulemaking regarding disincentive
  - OCC approves system wide deployment of smart grid for OGE - $366 million (with federal grant support)
  - Are there any savings???

Uniting natural gas, wind and efficiency

- Will the political climate accept both?
- Important for Oklahoma to grow both, but how?
- Avoid unintended consequences
- Oklahoma Energy Security Act

Summary

- Implementing energy policy involves the understanding and application of reality, current events and politics
- The federal government – primarily through administrative and regulatory action – is driving energy policy
- Oklahoma - and the Nation - is uniquely positioned to utilize natural gas, wind and efficiency
  - to meet federal policy objectives
  - enhance our long-term economic condition
  - provide cost-effective energy solutions
- We must be realistic and acknowledge issues of scale and fuel diversity