

HOUSE BILL 2038

By Fritts

AN ACT to amend Tennessee Code Annotated, Title 4;
Title 7; Title 12; Title 60; Title 64; Title 65; Title 67
and Title 68, relative to energy.

WHEREAS, Tennessee continues to grow; and

WHEREAS, the demand for electricity is ever-growing and a foundation to our economy, quality of life, and national security; and

WHEREAS, Tennessee is in an advantageous position with regard to nuclear power due to the presence of the Oak Ridge Site and is the center of the enriched uranium universe; and

WHEREAS, this advantage means that Tennessee will be central to the coming nuclear renaissance; and

WHEREAS, Tennessee has technological prowess resulting from the presence of the Oak Ridge Site, Watts Bar Nuclear Plant, and Sequoyah Nuclear Plant, and a strong nuclear production culture in Erwin, Tennessee; and

WHEREAS, this technological prowess and nuclear production culture position East Tennessee to lead the nation and world in technological offshoots for electrical power generation; and

WHEREAS, these technological advantages also position Tennessee to lead the nation in many other electrical power generation capabilities; and

WHEREAS, Tennessee is also home to the Tennessee Valley Authority, which equips the State with an expert partner to address matters of energy security; and

WHEREAS, Tennessee is currently a net importer of electricity, placing its economic growth at risk; and

WHEREAS, deployment of next-generation nuclear power capabilities to add capacity to the State's power grid may be more than a decade away; and

WHEREAS, conceptualizing and deploying a bridge to that increased nuclear power capacity to generate electricity is the forward-thinking approach to ensure the State's ever-growing energy demands can be met; and

WHEREAS, while the Tennessee government invests in transportation and education infrastructure to enable agriculture and commerce, ensuring the State has sufficient responsiveness to its electrical generating capacity is equally, if not more, important; and

WHEREAS, Tennessee faces an electrical power demand crisis, and could face a potential negotiating disadvantage concerning new economic growth if the State cannot assure potential investors that it has a plan to increase electrical power generation capacity; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 65, is amended by adding the following as a new part:

(a) The department of economic and community development, in coordination with the public utility commission, shall develop a program and negotiate with the Tennessee Valley authority, natural gas producers, and cooperatives, as that term is defined in § 65-25-102, for the installation and operation of three (3) combustion turbine power plants to increase the state's electric generation capacity.

(b) The program authorized by this section and agreements associated with the program must:

- (1) Provide funding to design, permit, and construct the plants;
- (2) Designate the state as the owner of the plants;

(3) Designate the Tennessee Valley authority as the entity responsible for operation of the plants for a period of ten (10) years; during such operational period, the Tennessee Valley authority must be responsible for maintenance and operation costs, including the cost for gas required by the turbines;

(4) Allow for a cooperative:

(A) To assume responsibility for operation of the plants after the ten-year period described in subdivision (b)(3), including responsibility for operation costs; and

(B) Transfer ownership of the plants from the state to the cooperative;

(5) Coordinate and partner with the Tennessee Valley authority, natural gas suppliers, and cooperatives to:

(A) Determine the design and set up the permitting and construction activities required for the program; and

(B) Determine placement of the plants to optimize the physical relationship between the plants, gas supply, and Tennessee Valley authority infrastructure; such placement must enable the construction of the plants within the jurisdiction of a cooperative that is willing to commence operational responsibility for the turbine after an initial ten-year period;

(6) Include a negotiated fee structure to allow purchase of electricity produced by the plants for a period of ten (10) years;

(7) Ensure that neither the state nor any cooperatives involved assume any legacy environmental responsibility for Tennessee Valley authority's operational years, or from the selected placement of the plants; and

(8) Prioritize the provision of routine and surge electrical generating capacity.

(c) The department of economic and community development shall coordinate and negotiate with the Tennessee Valley authority, natural gas suppliers, and cooperatives by a date that allows the entities to begin obtaining the necessary authorizations by January 1, 2025, and to begin operation of and supply of electricity from the plants into the Tennessee Valley authority's grid by January 1, 2027.

(d) The program and any associated agreement approved by the commissioner of economic and community development does not take effect unless subsequently authorized by joint resolution of the general assembly.

SECTION 2. This act takes effect upon becoming a law, the public welfare requiring it.