

## **BILL ANALYSIS**

S.B. 20  
By: Fraser  
Regulated Industries  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Currently, the Public Utility Regulatory Act requires 2,000 megawatts (MW) of generation capacity installed in the state to derive from renewable resources. The goal of an additional 2,000 MW was to be achieved by 2009. However, taking into account the current interconnection requests, the goal has been achieved. Recently, the Texas Energy Planning Council, as part of a strategic energy plan, recommended that the legislature consider increasing the goal for renewable energy. S.B. 20 increases the renewable goal to an additional 5,000 MW by 2015 and sets a target of a total of 10,000 MW by 2025. The bill provides that 500 MW of generating capacity be derived from non-wind renewable sources and provides that the Public Utility Commission (PUC) identify competitive renewable zones throughout the state. S.B. 20 requires PUC to report to the legislature on progress toward implementing the renewable goals.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 3 (Section 39.904, Utilities Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 36.053, Utilities Code, by adding Subsection (d), as follows:

- (d) Requires the Public Utility Commission of Texas (PUC), if it issues a certificate of convenience and necessity or, acting under Section 39.203(e), orders an electric utility or a transmission and distribution utility to construct or enlarge transmission or transmission-related facilities to facilitate meeting the goal for generating capacity from renewable energy technologies under Section 39.904(a), to find that the facilities are used and useful to the utility in providing service for purposes of this section and are prudent and includable in the rate base, regardless of the extent of the utility's actual use of the facilities.

SECTION 2. Amends Section 39.203(e), Utilities Code, to require PUC to require an electric utility or a transmission and distribution utility to construct or enlarge transmission or transmission-related facilities for the purpose of meeting the goal for generating capacity from renewable energy technologies under Section 39.904(a). Requires PUC, notwithstanding any other law, including Section 37.057, in any proceeding brought under Chapter 37 by an electric utility or a transmission and distribution utility related to an application for a certificate of public convenience and necessity to construct or enlarge transmission or transmission-related facilities under this subsection, to issue a final order before the 181st day after the date the application is filed with PUC. Provides that the application is approved if PUC does not issue a final order before that date.

SECTION 3. Amends Section 39.904, Utilities Code, by amending Subsection (a) and adding Subsections (g) through (n), as follows:

- (a) Provides that it is the intent of the legislature that by January 1, 2015, rather than 2009, an additional 5,000, rather than 2,000 megawatts of generating capacity from renewable energy technologies will have been installed in this state. Requires the cumulative installed renewable capacity in this state to total 5,880 megawatts by January 1, 2015, and requires PUC to establish a target of 10,000 megawatts of installed renewable capacity by January 1, 2025. Requires the cumulative installed renewable capacity in this state to total 2,280 megawatts by January 1, 2007, 3,272 megawatts by

January 1, 2009, 4,264 megawatts by January 1, 2011, 5,256 megawatts by January 1, 2013, and 5,880 megawatts by January 1, 2015. Requires PUC to establish a target of having at least 500 megawatts of capacity from a renewable energy technology other than a source using wind energy of the renewable energy technology generating capacity installed to meet the goal of this subsection after September 1, 2005. Deletes existing text regarding renewable capacity targets for 2003, 2005, 2007, and 2009.

(g) Requires PUC, after consultation with each appropriate independent organization, electric reliability council, or regional transmission organization, to take certain actions relating to renewable energy development.

(h) Provides that PUC is not required to consider the factors provided by Sections 37.056(c)(1) and (2) in considering an application for a certificate of public convenience and necessity for a transmission project intended to serve a competitive renewable energy zone.

(i) Requires transmission service to a competitive renewable energy zone to be provided in a manner consistent with Subchapter A, Chapter 35.

(j) Requires PUC, after consultation with each appropriate independent organization, electric reliability council, or regional transmission organization, to file a report with the legislature not later than December 31 of each even-numbered year. Requires the report to include certain information.

(k) Requires PUC and the independent organization certified for ERCOT to study the need for increased transmission and generation capacity throughout this state and report to the legislature the results of the study and any recommendations for legislation. Requires the report to be filed with the legislature not later than December 31 of each even-numbered year and authorizes it to be filed as a part of the report required by Subsection (j).

(l) Authorizes PUC to adopt rules requiring renewable power facilities to have reactive power control capabilities or any other feasible technology designed to reduce the facilities' effects on system reliability.

(m) Requires PUC, notwithstanding any other provision of law, to ensure that all renewable capacity installed in this state and all renewable energy credits awarded, produced, procured, or sold from renewable capacity in this state are counted toward the goal in Subsection (a).

(n) Requires PUC, notwithstanding any other provision of law, to have the authority to cap the price of renewable energy credits and authorizes PUC to suspend the goal contained in Subsection (a) if such suspension is necessary to protect the reliability and operation of the grid.

SECTION 4. Effective date: September 1, 2005, if it receives a vote of two-thirds of all the members elected to each house. Otherwise, the 91st day after the last day of the legislative session.

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