

1-1 By: Fraser S.B. No. 20
1-2 (In the Senate - Filed June 21, 2005; June 21, 2005, read
1-3 first time and referred to Committee on Business and Commerce;
1-4 June 30, 2005, reported favorably by the following vote: Yeas 5,
1-5 Nays 0; June 30, 2005, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to this state's goal for renewable energy.

1-9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-10 SECTION 1. Section 36.053, Utilities Code, is amended by
1-11 adding Subsection (d) to read as follows:

1-12 (d) If the commission issues a certificate of convenience
1-13 and necessity or, acting under Section 39.203(e), orders an
1-14 electric utility or a transmission and distribution utility to
1-15 construct or enlarge transmission or transmission-related
1-16 facilities to facilitate meeting the goal for generating capacity
1-17 from renewable energy technologies under Section 39.904(a), the
1-18 commission shall find that the facilities are used and useful to the
1-19 utility in providing service for purposes of this section and are
1-20 prudent and includable in the rate base, regardless of the extent of
1-21 the utility's actual use of the facilities.

1-22 SECTION 2. Subsection (e), Section 39.203, Utilities Code,
1-23 is amended to read as follows:

1-24 (e) The commission may require an electric utility or a
1-25 transmission and distribution utility to construct or enlarge
1-26 facilities to ensure safe and reliable service for the state's
1-27 electric markets and to reduce transmission constraints within
1-28 ERCOT in a cost-effective manner where the constraints are such
1-29 that they are not being resolved through Chapter 37 or the ERCOT
1-30 transmission planning process. The commission shall require an
1-31 electric utility or a transmission and distribution utility to
1-32 construct or enlarge transmission or transmission-related
1-33 facilities for the purpose of meeting the goal for generating
1-34 capacity from renewable energy technologies under Section
1-35 39.904(a). In any proceeding brought under Chapter 37, an electric
1-36 utility or transmission and distribution utility ordered to
1-37 construct or enlarge facilities under this subchapter need not
1-38 prove that the construction ordered is necessary for the service,
1-39 accommodation, convenience, or safety of the public and need not
1-40 address the factors listed in Sections 37.056(c)(1)-(3) and (4)(E).
1-41 Notwithstanding any other law, including Section 37.057, in any
1-42 proceeding brought under Chapter 37 by an electric utility or a
1-43 transmission and distribution utility related to an application for
1-44 a certificate of public convenience and necessity to construct or
1-45 enlarge transmission or transmission-related facilities under this
1-46 subsection, the commission shall issue a final order before the
1-47 181st day after the date the application is filed with the
1-48 commission. If the commission does not issue a final order before
1-49 that date, the application is approved.

1-50 SECTION 3. Section 39.904, Utilities Code, is amended by
1-51 amending Subsection (a) and adding Subsections (g) through (n) to
1-52 read as follows:

1-53 (a) It is the intent of the legislature that by January 1,
1-54 2015 [~~2009~~], an additional 5,000 [~~2,000~~] megawatts of generating
1-55 capacity from renewable energy technologies will have been
1-56 installed in this state. The cumulative installed renewable
1-57 capacity in this state shall total 5,880 [~~1,280~~] megawatts by
1-58 January 1, 2015, and the commission shall establish a target of
1-59 10,000 megawatts of installed renewable capacity by January 1,
1-60 2025. The cumulative installed renewable capacity in this state
1-61 shall total 2,280 megawatts by January 1, 2007, 3,272 megawatts by
1-62 January 1, 2009, 4,264 megawatts by January 1, 2011, 5,256
1-63 megawatts by January 1, 2013, and 5,880 megawatts by January 1,
1-64 2015. Of the renewable energy technology generating capacity
1-65 installed to meet the goal of this subsection after September 1,
1-66 2005, the commission shall establish a target of having at least 500

2-1 megawatts of capacity from a renewable energy technology other than
2-2 a source using wind energy [~~2003, 1,730 megawatts by January 1,~~
2-3 ~~2005, 2,280 megawatts by January 1, 2007, and 2,880 megawatts by~~
2-4 ~~January 1, 2009~~].

2-5 (g) The commission, after consultation with each
2-6 appropriate independent organization, electric reliability
2-7 council, or regional transmission organization:

2-8 (1) shall designate competitive renewable energy
2-9 zones throughout this state in areas in which renewable energy
2-10 resources and suitable land areas are sufficient to develop
2-11 generating capacity from renewable energy technologies;

2-12 (2) shall develop a plan to construct transmission
2-13 capacity necessary to deliver to electric customers, in a manner
2-14 that is most beneficial and cost-effective to the customers, the
2-15 electric output from renewable energy technologies in the
2-16 competitive renewable energy zones; and

2-17 (3) shall consider the level of financial commitment
2-18 by generators for each competitive renewable energy zone in
2-19 determining whether to designate an area as a competitive renewable
2-20 energy zone and whether to grant a certificate of convenience and
2-21 necessity.

2-22 (h) In considering an application for a certificate of
2-23 public convenience and necessity for a transmission project
2-24 intended to serve a competitive renewable energy zone, the
2-25 commission is not required to consider the factors provided by
2-26 Sections 37.056(c)(1) and (2).

2-27 (i) Transmission service to a competitive renewable energy
2-28 zone must be provided in a manner consistent with Subchapter A,
2-29 Chapter 35.

2-30 (j) The commission, after consultation with each
2-31 appropriate independent organization, electric reliability
2-32 council, or regional transmission organization, shall file a report
2-33 with the legislature not later than December 31 of each
2-34 even-numbered year. The report must include:

2-35 (1) an evaluation of the commission's implementation
2-36 of competitive renewable energy zones;

2-37 (2) the estimated cost of transmission service
2-38 improvements needed for each competitive renewable energy zone; and

2-39 (3) an evaluation of the effects that additional
2-40 renewable generation has on system reliability and on the cost of
2-41 alternatives to mitigate the effects.

2-42 (k) The commission and the independent organization
2-43 certified for ERCOT shall study the need for increased transmission
2-44 and generation capacity throughout this state and report to the
2-45 legislature the results of the study and any recommendations for
2-46 legislation. The report must be filed with the legislature not
2-47 later than December 31 of each even-numbered year and may be filed
2-48 as a part of the report required by Subsection (j).

2-49 (l) The commission may adopt rules requiring renewable
2-50 power facilities to have reactive power control capabilities or any
2-51 other feasible technology designed to reduce the facilities'
2-52 effects on system reliability.

2-53 (m) Notwithstanding any other provision of law, the
2-54 commission shall ensure that all renewable capacity installed in
2-55 this state and all renewable energy credits awarded, produced,
2-56 procured, or sold from renewable capacity in this state are counted
2-57 toward the goal in Subsection (a).

2-58 (n) Notwithstanding any other provision of law, the
2-59 commission shall have the authority to cap the price of renewable
2-60 energy credits and may suspend the goal contained in Subsection (a)
2-61 if such suspension is necessary to protect the reliability and
2-62 operation of the grid.

2-63 SECTION 4. This Act takes effect September 1, 2005, if it
2-64 receives a vote of two-thirds of all the members elected to each
2-65 house, as provided by Section 39, Article III, Texas Constitution.
2-66 If this Act does not receive the vote necessary for effect on that
2-67 date, this Act takes effect on the 91st day after the last day of the
2-68 legislative session.

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