Amend **CSSB 408** by adding the following appropriately numbered section:

Section: ___

Section 39.904, Utilities Code, is amended by amending Subsections (a), (b), (c), and (d) and adding Subsection (g) to read as follows:

(a) It is the goal of this state that before January 1, 2020, not less than 20 percent of electric energy consumed in this state must be generated by renewable energy technologies. The [~~intent of the~~] legislature intends that the goal be met incrementally so that [~~by January 1, 2009, an additional 2,000 megawatts of generating capacity from renewable energy technologies will have been installed in this state. The cumulative~~] installed renewable capacity in this state shall total [~~1,280 megawatts by January 1, 2003, 1,730 megawatts by January 1, 2005,~~] 2,280 megawatts by January 1, 2007, [~~and~~] 2,880 megawatts by January 1, 2009, and 10,880 megawatts by January 1, 2015. Of the generating capacity from renewable energy technologies installed by January 1, 2015, the goal is for at least 500 megawatts to be generating capacity from distributed renewable energy technologies, and, of that 500 megawatts of distributed capacity, the goal is for at least 100 megawatts to be generating capacity installed on the customer's side of the meter.

(b) The commission shall establish a renewable energy credits trading program and a program for recognizing the credits representing generating capacity by distributed renewable technologies on either side of the meter. Any retail electric provider, municipally owned utility, or electric cooperative that does not satisfy the requirements of Subsection (a) by directly owning or purchasing capacity using renewable energy technologies shall purchase sufficient renewable energy credits to satisfy the requirements by holding renewable energy credits in lieu of capacity from renewable energy technologies.

(c) The [~~Not later than January 1, 2000, the~~] commission shall adopt rules necessary to administer and enforce this section. At a minimum, the rules shall:

(1) establish the minimum annual renewable energy

technology and distributed renewable energy technology generating capacity requirement for each retail electric provider, municipally owned utility, and electric cooperative operating in this state in a manner reasonably calculated by the commission to produce, on a statewide basis, compliance with the requirement prescribed by Subsection (a); and

(2) specify reasonable performance standards that all renewable and distributed generating capacity additions must meet to count against the requirement prescribed by Subsection (a) and that:

(A) are designed and operated so as to maximize the energy output from the generating capacity additions in accordance with then-current industry standards; and

(B) encourage the development, construction, and operation of new renewable energy technology projects at those sites in this state that have the greatest economic potential for capture and development of this state's environmentally beneficial renewable resources.

(d) In this section: (1) "Distributed renewable energy technology" includes renewable energy technology:

(A) connected to the electric energy transmission system at the distribution level, such as photovoltaic generation, solar thermal electric generation, small wind-powered generation, generation using biomass, or geothermal generation technologies; and

(B) that offsets electric energy generation when operated at a facility connected to the distribution system, such as solar water heating systems or geothermal water heating systems.

(2) "Renewable [~~, "renewable~~] energy technology" means any technology that exclusively relies on an energy source that is naturally regenerated over a short time and derived directly from the sun, indirectly from the sun, or from moving water or other natural movements and mechanisms of the environment. Renewable energy technologies include those that rely on energy derived directly from the sun, on wind, geothermal, hydroelectric, wave, or tidal energy, or on biomass or biomass-based waste products, including landfill gas. A renewable energy technology

does not rely on energy resources derived from fossil fuels, waste products from fossil fuels, or waste products from inorganic sources.

(g) The commission and each appropriate independent organization certified under Section 39.151 and transmission group shall approve a plan to provide new transmission infrastructure necessary to support the goals established by Subsection (a). The commission may adopt rules as necessary to implement the plan. The plan must address:

(1) timely recovery of transmission infrastructure costs by transmission service providers before renewable energy technology generating capacity is installed;

(2) transmission and distribution infrastructure security;

(3) reliability benefits; and

(4) the priority of projects.