

Amend CSSB 743 (House committee printing) by adding the following sections, numbered appropriately, and renumbering the sections of the bill accordingly:

SECTION \_\_. Section 36.053, Utilities Code, is amended by adding Subsection (d) to read as follows:

(d) If the commission 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), the commission shall 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 \_\_. Subsection (e), Section 39.203, Utilities Code, is amended to read as follows:

(e) The commission may require an electric utility or a transmission and distribution utility to construct or enlarge facilities to ensure safe and reliable service for the state's electric markets and to reduce transmission constraints within ERCOT in a cost-effective manner where the constraints are such that they are not being resolved through Chapter 37 or the ERCOT transmission planning process. The commission shall 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). In any proceeding brought under Chapter 37, an electric utility or transmission and distribution utility ordered to construct or enlarge facilities under this subchapter need not prove that the construction ordered is necessary for the service, accommodation, convenience, or safety of the public and need not address the factors listed in Sections 37.056(c)(1)-(3) and (4)(E). 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, the commission shall issue a final order before the 181st day after the date the application is filed with the commission. If the commission does not issue a final order before that date, the application is approved.

SECTION \_\_. Section 39.904, Utilities Code, is amended by amending Subsection (a) and adding Subsections (a-1) and (g)- (n) to read as follows:

(a) It is the intent of the legislature that by January 1, 2015 [~~2009~~], an additional 5,000 [~~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 5,880 [~~1,280~~] megawatts by January 1, 2015. The cumulative installed renewable capacity in this state shall 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 [~~2003, 1,730 megawatts by January 1, 2005, 2,280 megawatts by January 1, 2007, and 2,880 megawatts by January 1, 2009~~].

(a-1) The commission shall establish a target of 10,000 megawatts of installed renewable capacity by January 1, 2025. The commission shall also establish a target of 500 megawatts of generating capacity from non-wind renewable technologies or emerging ultra-clean distributed generation technologies including generation from industrial waste heat and fuel cells, installed in this state after September 1, 2005. Non-renewable ultra-clean distributed generation projects as defined in this section, shall not exceed 200 megawatts of the 500 megawatt target and individual projects shall not exceed 10 megawatts capacity.

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

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

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

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

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

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

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

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

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

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

(k) The commission and the independent organization certified for ERCOT shall 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. The report must be filed with the legislature not later than December 31 of each even-numbered year and may be filed as a part of the report required by Subsection (j).

(l) The commission may 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) Notwithstanding any other provision of law, the commission shall ensure that all renewable capacity installed in this state and all renewable energy credits awarded, produced, procured, or sold in this state are counted toward the goal in Subsection (a).

(n) Notwithstanding any other provision of law, the commission may cap the price of renewable energy credits and may suspend the goal contained in Subsection (a) if that suspension is necessary to protect the reliability and operation of the grid.

SECTION \_\_. (a) The Public Utility Commission of Texas, in cooperation with the appropriate independent organizations certified under Section 39.151, Utilities Code, electric reliability councils, and regional transmission organizations, shall study cost-effective options for meeting this state's long-term transmission system needs to accommodate renewable energy requirements and targets under section 39.904, Utilities Code, as amended by this Act, and any additional electric generation capacity or other infrastructure necessary to meet the state's projected growth in demand for electric energy for the period ending January 1, 2005. This study is not intended to delay commission action in meeting near-term renewable energy needs of the state.

(b) The commission shall present to the legislature not later than December 31, 2006, a report of the results of the study and detailed recommendations regarding the most cost-effective measures to meet reliably this state's electricity requirements. The report may be included in the report required by Section 39.904(j) or (k), Utilities Code, as added by this Act.