Amend **SB 743** on third reading by striking the section of the bill amending Section 39.904, Utilities Code, as added on second reading by Amendment No. 1 by Hunter amendment and by Amendment No. 2 Swinford amendment and substituting:

SECTION ____. Section 39.904, Utilities Code, is amended by amending Subsections (a) and (d) and adding Subsections (a-1) and (g)-(o) to read as follows:

(a) It is the intent of the legislature that by January 1, 2017 [~~2009~~], an additional 7,000 [~~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 7,880 [~~1,280~~] megawatts by January 1, 2017. The cumulative installed renewable capacity in this state shall total 3,113 megawatts by January 1, 2007, 3,946 megawatts by January 1, 2009, 4,779 megawatts by January 1, 2011, 5,612 megawatts by January 1, 2013, 6,445 megawatts by January 1, 2015, and 7,880 megawatts by January 1, 2017 [~~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 utlra-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.

(d) In this section, "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, or on gasification of municipal solid waste. In this subsection, "municipal solid waste" means nondurable goods, containers, packaging, food wastes, yard trimmings, and miscellaneous organic wastes from residential, commercial, and industrial nonprocess sources. A renewable energy technology, other the gasification of municipal solid waste, does not rely on energy resources derived from fossil fuels, waste products from fossil fuels, or waste products from inorganic sources.

(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 the comptroller, the Texas Commission on Environmental Quality, the State Energy Conservation Office, the Office of Rural Community Affairs, and

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;

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

(4) an assessment of the net impact of renewable energy generation on statewide fuel use, fuel cost savings, and wholesale energy costs; and

(5) an assessment of the economic development and tax revenue impacts of historical and additional renewable energy generation.

(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.

(o) The commission, after consultation with the comptroller, the Texas Commission on Environmental Quality, the State Energy Conservation Office, the Office of Rural Community Affairs, and with each appropriate independent organization, electric reliability council, or regional transmission organization, shall file a report with the legislature not later than December 31, 2006, detailing the costs and benefits of additional renewable energy use in this state. The report must include the projected net effects throughout this state on fuel costs, transmission costs, wholesale energy costs, environmental impacts, tax revenues, and economic development of achieving renewable energy use of up to 10 percent of electric energy consumption in this state on or before January 1, 2020.