

BILL ANALYSIS

S.B. 533
By: Fraser
Regulated Industries
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, the Public Utility Regulatory Act provides for an additional 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. 533 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. 533 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 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 (PUC) to find that 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, under specific circumstances.

SECTION 2. Amends Section 39.203(e), Utilities Code, as follows:

(e) Requires 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 to issue a final order under certain circumstances within the specified time period, notwithstanding any other law, including Section 37.057. Provides that if PUC does not issue a final order in the time period specified, the application is approved.

SECTION 3. Amends Section 39.904, Utilities Code, by amending Subsection (a) and adding Subsections (g), (h), (i), (j), (k), (l), (m), and (n), as follows:

(a) Provides that it is the intent of the legislature that by January 1, 2015, rather than January 1, 2009, an additional 5,000, rather than 2,000, megawatts of generating capacity from renewable energy technology will have been installed within Texas. Requires that the cumulative installed renewable capacity in the state total 5,880 megawatts by January 1, 2015. Sets a target that a total of 10,000 megawatts of generating capacity from renewable energy technologies be installed by January 1, 2025. Sets forth required cumulative installed renewable capacity for 2007, 2009, 2011, 2013, and 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. Deletes existing text setting a previous schedule for renewable energy goals.

(g) Sets forth actions required of PUC after it consults with each appropriate independent organization, electric reliability council, or regional transmission organization.

(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 served a competitive renewable energy zone.

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

(j) Requires PUC to file a report including specific information with the legislature within a specified period of time, after consultation with certain entities.

(k) Requires PUC and the independent organization certified for ERCOT to study the need for increased transmission and generation capacity throughout the state and report the results and recommendations for legislation to the legislature. Sets forth the requirements for filing the report.

(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 to ensure that all renewable capacity installed in Texas, and all renewable energy credits awarded, produced, procured, or sold in Texas, are counted toward the goal in Section 39.904(a), notwithstanding any other provision of the law.

(n) Requires PUC to have the authority to cap the price of renewable energy credits and authorizes PUC to suspend the goal contained in Section 39.904 (a) if such suspension is necessary to protect the reliability and operation of the grid, notwithstanding any other provision of law.

SECTION 4. Effective date: September 1, 2005.

EFFECTIVE DATE

This Act takes effect September 1, 2005.