By: Duncan S.B. No. 836

A BILL TO BE ENTITLED

AN ACT

relating to the state's goal for electric generation capacity by renewable energy technologies and the rate treatment of utility expenditures for interconnecting generating capacity by certain renewable technologies.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

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

(d) If, in a proceeding in which transmission or transmission related facilities are certificated under Chapter 37, the commission found that the facilities are needed to accommodate future development or future interconnection of renewable energy technology generation capacity, the commission shall find that the facilities are used by and useful to the utility in providing service, regardless of the extent of the actual use of the facilities.

SECTION 2. Section 39.904, Utilities Code, is amended by amending Subsection (a) and adding Subsections (c-1) and (c-2) to read as follows:

(a) It is the intent of the legislature that by January 1, 2015 [~~2009~~], an additional 10,000 [~~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 [~~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, 4,880 megawatts by January 1, 2011, 7,880 megawatts by January 1, 2013, and 10,880 megawatts by January 1, 2015. At least 500 megawatts of the generating capacity from renewable energy technologies installed in this state by January 1, 2015, must be from distributed renewable energy generation technologies.

(c-1) The commission by rule shall establish competitive renewable energy generation zones in appropriate areas of this state and annually shall consider designating new competitive renewable energy generation zones. The commission may designate as a competitive renewable energy generation zone any defined geographic area in which renewable energy resources and suitable land areas are sufficient to develop at least 1,000 megawatts of nameplate generating capacity from renewable energy technology. The initial competitive renewable energy generation zones designated by the commission must define a contiguous area of not more than four counties in which renewable energy technology generation capacity of at least 80 megawatts of nameplate capacity is available or under construction on December 31, 2005.

(c-2) For the purposes of Section 39.101(b)(3) and to promote the development of renewable energy technology, the commission shall take all necessary actions, including:

(1) ordering the construction of transmission facilities to alleviate local or regional transmission capacity constraints or congestion measured by the nameplate capacity of renewable energy technology generation that is operational or under

construction on December 31, 2005;

(2) directing the appropriate independent organization or electric reliability council and transmission and distribution service providers to study, plan for, and route additional transmission facilities to anticipate and to facilitate the further development of renewable energy technology generation capacity in those partially developed competitive renewable energy generation zones in which existing transmission capacity is already constrained, congested, or at capacity;

(3) designating competitive renewable energy generation zones and, in conjunction with each appropriate independent organization, electric reliability council, or regional transmission organization, develop a plan to construct transmission capacity to interconnect and deliver full output to customers of energy generated by existing and anticipated renewable energy technology in the zones in a manner that is most beneficial and cost-effective for electric consumers; and

(4) establishing a process by which, if the commission finds that the evidence shows the transmission facilities will be needed by the time anticipated renewable energy generation facilities can become operational, the commission may grant a certificate of convenience and necessity for transmission facilities to provide retail customer access to energy from competitive renewable energy generation zones, without requiring that an interconnection agreement be executed by a renewable energy technology generator.

SECTION 3. The Public Utility Commission of Texas shall

designate the initial competitive renewable energy generation zones under Section 39.904, Utilities Code, as amended by this Act, not later than January 1, 2006.

SECTION 4. The Public Utility Commission of Texas shall adopt rules to implement this Act as soon as practicable.

SECTION 5. This Act takes effect September 1, 2005.