

By: Zaffirini

S.B. No. 1075

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the state's goal for electric generating capacity by
3 renewable energy technologies and distributed renewable energy
4 generation.

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

6 SECTION 1. Section 35.004(d), Utilities Code, is amended to
7 read as follows:

8 (d) The commission shall price wholesale transmission
9 services within ERCOT based on the postage stamp method of pricing
10 under which a transmission-owning utility's rate is based on the
11 ERCOT utilities' combined annual costs of transmission divided by
12 the total demand placed on the combined transmission systems of all
13 such transmission-owning utilities within a power region. An
14 electric utility subject to the freeze period imposed by Section
15 39.052 may treat transmission costs in excess of transmission
16 revenues during the freeze period as an expense for purposes of
17 determining annual costs in the annual report filed under Section
18 39.257. Notwithstanding Section 36.201, the commission may approve
19 wholesale rates that may be periodically adjusted to ensure timely
20 recovery of transmission investment. Notwithstanding Section
21 36.054(a), if the commission requires an electric utility or a
22 transmission and distribution utility to construct and enlarge
23 facilities in accordance with Section 39.203(e) and if the utility
24 has an executed interconnection agreement with a renewable energy

1 technology generator, the commission shall authorize the inclusion
2 of all costs incurred by the utility for engineering, procuring,
3 planning, and developing the facilities. Notwithstanding Section
4 36.054(a), if the commission determines that conditions warrant the
5 action, the commission may authorize the inclusion of construction
6 work in progress in the rate base for transmission investment
7 [~~required by the commission under Section 39.203(e)~~].

8 SECTION 2. Section 35.006, Utilities Code, is amended by
9 adding Subsection (c) to read as follows:

10 (c) The commission shall design the commission's protocols
11 regarding locational marginal pricing to maximize the benefits of
12 renewable energy technologies, including benefits to the
13 environment, benefits to reliability, economic benefits, and
14 security benefits.

15 SECTION 3. Section 37.056(c), Utilities Code, is amended to
16 read as follows:

17 (c) The commission shall grant each certificate on a
18 nondiscriminatory basis after considering:

19 (1) the adequacy of existing service;

20 (2) the need for additional service;

21 (3) the effect of granting the certificate on the
22 recipient of the certificate and any electric utility serving the
23 proximate area;

24 (4) the effect of granting the certificate on the
25 ability of this state to meet the goals established by Section
26 39.904; and

27 (5) [~~4~~] other factors, such as:

- 1 (A) community values;
- 2 (B) recreational and park areas;
- 3 (C) historical and aesthetic values;
- 4 (D) environmental integrity; and
- 5 (E) the probable improvement of service or
- 6 lowering of cost to consumers in the area if the certificate is
- 7 granted[~~, and~~
- 8 [~~(F) to the extent applicable, the effect of~~
- 9 ~~granting the certificate on the ability of this state to meet the~~
- 10 ~~goal established by Section 39.904(a) of this title].~~

11 SECTION 4. Section 39.203(e), Utilities Code, is amended to
12 read as follows:

13 (e) The commission may require an electric utility or a
14 transmission and distribution utility to construct or enlarge
15 facilities to ensure safe and reliable service for the state's
16 electric markets, to interconnect renewable energy technology
17 generators to the transmission and distribution system, and to
18 reduce transmission constraints within ERCOT in a cost-effective
19 manner where the constraints are such that they are not being
20 resolved through Chapter 37 or the ERCOT transmission planning
21 process. In any proceeding brought under Chapter 37, an electric
22 utility or transmission and distribution utility ordered to
23 construct or enlarge facilities under this subchapter need not
24 prove that the construction ordered is necessary for the service,
25 accommodation, convenience, or safety of the public and need not
26 address the factors listed in Sections 37.056(c)(1)-(3) and (5)(E)
27 [~~(4)(E)~~]. The commission shall approve or deny an application for a

1 certificate of convenience and necessity for facilities being
2 enlarged to serve a renewable energy technology generator not later
3 than the 90th day after the date the application is filed.

4 SECTION 5. Section 39.904, Utilities Code, is amended by
5 amending Subsections (a), (b), (c), and (d) and adding Subsection
6 (g) to read as follows:

7 (a) It is the goal of this state that before January 1, 2020,
8 not less than 20 percent of electric energy consumed in this state
9 must be generated by renewable energy technologies. The [intent of
10 the] legislature intends that the goal be met incrementally so that
11 [by January 1, 2009, an additional 2,000 megawatts of generating
12 capacity from renewable energy technologies will have been
13 installed in this state. The cumulative] installed renewable
14 capacity in this state shall total [1,280 megawatts by January 1,
15 2003, 1,730 megawatts by January 1, 2005,] 2,280 megawatts by
16 January 1, 2007, [and] 2,880 megawatts by January 1, 2009, and
17 10,880 megawatts by January 1, 2015. Of the generating capacity
18 from renewable energy technologies installed by January 1, 2015,
19 the goal is for at least 500 megawatts to be generating capacity
20 from distributed renewable energy technologies, and, of that 500
21 megawatts of distributed capacity, the goal is for at least 100
22 megawatts to be generating capacity installed on the customer's
23 side of the meter.

24 (b) The commission shall establish a renewable energy
25 credits trading program and a program for recognizing the credits
26 representing generating capacity by distributed renewable
27 technologies on either side of the meter. Any retail electric

1 provider, municipally owned utility, or electric cooperative that
2 does not satisfy the requirements of Subsection (a) by directly
3 owning or purchasing capacity using renewable energy technologies
4 shall purchase sufficient renewable energy credits to satisfy the
5 requirements by holding renewable energy credits in lieu of
6 capacity from renewable energy technologies.

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

10 (1) establish the minimum annual renewable energy
11 technology and distributed renewable energy technology generating
12 capacity requirement for each retail electric provider,
13 municipally owned utility, and electric cooperative operating in
14 this state in a manner reasonably calculated by the commission to
15 produce, on a statewide basis, compliance with the requirement
16 prescribed by Subsection (a); and

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

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

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

1 renewable resources.

2 (d) In this section:

3 (1) "Distributed renewable energy technology"
4 includes renewable energy technology:

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

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

13 (2) "Renewable [~~,"renewable~~] energy technology"
14 means any technology that exclusively relies on an energy source
15 that is naturally regenerated over a short time and derived
16 directly from the sun, indirectly from the sun, or from moving water
17 or other natural movements and mechanisms of the environment.
18 Renewable energy technologies include those that rely on energy
19 derived directly from the sun, on wind, geothermal, hydroelectric,
20 wave, or tidal energy, or on biomass or biomass-based waste
21 products, including landfill gas. A renewable energy technology
22 does not rely on energy resources derived from fossil fuels, waste
23 products from fossil fuels, or waste products from inorganic
24 sources.

25 (g) The commission and each appropriate independent
26 organization certified under Section 39.151 and transmission group
27 shall approve a plan to provide new transmission infrastructure

1 necessary to support the goals established by Subsection (a). The
2 commission may adopt rules as necessary to implement the plan. The
3 plan must address:

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

7 (2) transmission and distribution infrastructure
8 security;

9 (3) reliability benefits; and

10 (4) the priority of projects.

11 SECTION 6. Not later than June 1, 2006, the Public Utility
12 Commission of Texas in conjunction with each appropriate
13 independent organization certified under Section 39.151, Utilities
14 Code, and appropriate transmission group shall approve a plan for
15 new transmission infrastructure as required by Section 39.904(g),
16 Utilities Code, as added by this Act.

17 SECTION 7. The lieutenant governor and the speaker of the
18 house of representatives shall appoint a study group that has
19 expertise necessary to develop a plan by which this state may meet a
20 goal of having 20 percent of all energy consumption in this state by
21 January 1, 2020, be from renewable energy technology sources, as
22 defined by Section 39.904, Utilities Code. The study group shall
23 develop a plan to meet that goal and shall issue a report on the plan
24 to the legislature not later than January 1, 2007.

25 SECTION 8. This Act takes effect September 1, 2005.