

By: Ellis

S.B. No. 435

A BILL TO BE ENTITLED

AN ACT

1
2 relating to a statewide goal for electric energy generation during
3 peak load periods from renewable energy technologies.

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

5 SECTION 1. Section 39.002, Utilities Code, is amended to
6 read as follows:

7 Sec. 39.002. APPLICABILITY. This chapter, other than
8 Sections 39.155, 39.157(e), 39.203, 39.903, 39.904, 39.9051,
9 39.9052, ~~[and]~~ 39.914(e), and 39.917, does not apply to a
10 municipally owned utility or an electric cooperative. Sections
11 39.157(e), 39.203, ~~[and]~~ 39.904, and 39.917, however, apply only to
12 a municipally owned utility or an electric cooperative that is
13 offering customer choice. If there is a conflict between the
14 specific provisions of this chapter and any other provisions of
15 this title, except for Chapters 40 and 41, the provisions of this
16 chapter control.

17 SECTION 2. Subchapter Z, Chapter 39, Utilities Code, is
18 amended by adding Section 39.917 to read as follows:

19 Sec. 39.917. GOAL FOR PEAK LOAD PERIOD RENEWABLE ENERGY
20 GENERATION. (a) In this section, "renewable energy technology"
21 has the meaning assigned by Section 39.904.

22 (b) It is the intent of the legislature that by January 1,
23 2020, generating capacity from renewable energy technologies will
24 have been installed in this state that is capable of producing not

1 less than an additional 3,000 megawatts during peak load periods,
2 as compared to the peak load period generating capacity from
3 renewable energy technologies installed in this state as of
4 September 1, 2009, for use by retail electric providers,
5 municipally owned utilities, and electric cooperatives and their
6 customers.

7 (c) Each retail electric provider, municipally owned
8 utility, or electric cooperative in this state shall directly own
9 or purchase the appropriate generating capacity or peak load
10 renewable energy credits not later than January 1, 2020, so that the
11 installed peak load generating capacity from renewable energy
12 technologies in this state increases to meet the goal provided by
13 Subsection (b).

14 (d) The commission by rule shall establish a peak load
15 renewable energy credits trading program. Each retail electric
16 provider, municipally owned utility, or electric cooperative that
17 does not satisfy the requirements of Subsection (c) by directly
18 owning or purchasing generating capacity for peak load periods from
19 sources using renewable energy technologies shall purchase
20 sufficient peak load renewable energy credits to satisfy the
21 requirements by holding peak load renewable energy credits in lieu
22 of peak load generating capacity from renewable energy
23 technologies. Commission rules must provide for peak load capacity
24 from electric energy that is generated by renewable energy
25 technologies and stored for later release to the electric
26 transmission and distribution system to be eligible for a credit
27 that is double the credit for which capacity from renewable energy

1 technologies alone is eligible.

2 (e) The commission shall adopt rules necessary to
3 administer and enforce this section. At a minimum, the rules shall:

4 (1) establish the minimum annual peak load renewable
5 energy requirement for each retail electric provider, municipally
6 owned utility, and electric cooperative operating in this state in
7 a manner reasonably calculated by the commission to produce, on a
8 statewide basis, compliance with the requirement prescribed by
9 Subsection (c); and

10 (2) specify reasonable performance standards that all
11 peak load renewable capacity additions must meet to count against
12 the requirement prescribed by Subsection (c) and that:

13 (A) are designed and operated so as to maximize
14 the energy output from the capacity additions in accordance with
15 then current industry standards, as necessary to meet demand at
16 peak load periods; and

17 (B) encourage the development, construction, and
18 operation of new peak load renewable energy projects at those sites
19 in this state that have the greatest economic potential for capture
20 and development of this state's environmentally beneficial
21 renewable resources.

22 (f) A municipally owned utility operating a gas
23 distribution system may credit toward satisfaction of the
24 requirements of this section any production or acquisition of
25 landfill gas supplied to the gas distribution system, based on
26 conversion to kilowatt hours of the thermal energy content in
27 British thermal units of the renewable source and using for the

1 conversion factor the systemwide average heat rate of the gas-fired
2 units of the combined utility's electric system as measured in
3 British thermal units per kilowatt hour.

4 (g) The commission, after consultation with each
5 appropriate independent organization, electric reliability
6 council, or regional transmission organization, shall develop a
7 plan to construct transmission capacity necessary to deliver to
8 electric customers during peak load periods, in a manner that is
9 most beneficial and cost-effective to the customers, the electric
10 output from renewable energy technologies.

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

16 (1) an evaluation of the commission's implementation
17 of this section;

18 (2) the estimated cost of transmission service
19 improvements and other system improvements necessary to implement
20 this section; and

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

24 (i) The commission may adopt rules requiring renewable peak
25 load power facilities to have reactive power control capabilities
26 or any other feasible technology designed to reduce the facilities'
27 effects on system reliability.

1 (j) As provided by this subsection, the commission shall
2 reduce the requirement under Subsection (c) for a retail electric
3 provider, municipally owned utility, or electric cooperative that
4 is subject to a requirement under this section and that serves a
5 customer receiving electric service at transmission-level voltage
6 if, before any year for which the commission calculates
7 requirements for peak load generating capacity from renewable
8 energy technologies under Subsection (c), the customer notifies the
9 commission in writing that the customer chooses not to support that
10 goal as established under this section for that year. The
11 commission shall exclude from the calculation of a retail electric
12 provider's, municipally owned utility's, or electric cooperative's
13 requirement under Subsection (c) energy sold by the retail electric
14 provider, municipally owned utility, or electric cooperative at
15 transmission-level voltage to customers who have submitted the
16 notice to the commission under this subsection for the applicable
17 year. The commission shall determine the reporting requirements
18 and schedule necessary to implement this subsection. This
19 subsection does not alter the goals established in Subsection (b)
20 or reduce the minimum statewide requirements of Subsection (c).

21 SECTION 3. This Act takes effect immediately if it receives
22 a vote of two-thirds of all the members elected to each house, as
23 provided by Section 39, Article III, Texas Constitution. If this
24 Act does not receive the vote necessary for immediate effect, this
25 Act takes effect September 1, 2009.