

By: Watson

S.B. No. 541

A BILL TO BE ENTITLED

AN ACT

relating to incentives for Texas renewable energy jobs and manufacturing.

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

SECTION 1. PURPOSE. The purpose of this Act is to continue promoting clean, renewable energy in Texas in a manner that creates manufacturing jobs and bolsters the Texas economy.

SECTION 2. Section 39.904, Utilities Code, is amended by amending Subsections (a), (b), (m-3), and (o), and adding Subsection (c-1) to read as follows:

Sec. 39.904. GOAL FOR RENEWABLE ENERGY. (a) It is the intent of the legislature that by January 1, 2015, an additional 5,000 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 5,880 megawatts by January 1, 2015, and ~~[the commission shall establish a target of]~~ 10,000 megawatts ~~[of installed renewable capacity]~~ by January 1, 2025. The cumulative installed renewable capacity in this state shall total 2,280 megawatts by January 1, 2007, 3,272 megawatts by January 1, 2009, 4,264 megawatts by January 1, 2011, 5,256 megawatts by January 1, 2013, and 5,880 megawatts by January 1, 2015. Of the renewable energy technology generating capacity installed to meet the goal of this subsection, the cumulative installed ~~[after September 1, 2005 the commission~~

1 ~~shall establish a target of having at least 500 megawatts of]~~
2 capacity in this state from a renewable energy technology other
3 than a source using wind energy shall total 3,000 megawatts by
4 January 1, 2020.

5 (b) The commission shall establish [~~a~~] renewable energy
6 credits trading programs to meet the goals provided by Subsection
7 (a). [~~program.~~] Any retail electric provider, municipally owned
8 utility, or electric cooperative that does not satisfy the
9 requirements of Subsection (a) by directly owning or purchasing
10 capacity using renewable energy technologies shall purchase
11 sufficient renewable energy credits to satisfy the requirements by
12 holding renewable energy credits in lieu of capacity from renewable
13 energy technologies.

14 (c-1) Not later than January 1, 2011, the commission shall
15 adopt rules necessary to provide a "Made in Texas" incentive for
16 renewable energy credits generated by generation equipment that is
17 wholly produced or substantially transformed by a Texas workforce,
18 as determined by the commission. The incentive under this
19 subsection shall be available for the first three years after the
20 renewable energy equipment first produces electricity on a
21 commercial basis.

22 (m-3) Subsections (m), (m-1), and (m-2) do not alter the
23 renewable energy goals [~~or targets~~] established in Subsection (a)
24 or reduce the minimum statewide renewable energy requirements of
25 Subsection (c)(1).

26 (o) The commission may establish an alternative compliance
27 payment. An entity that has a renewable energy purchase

1 requirement under this section may elect to pay the alternative
2 compliance payment instead of applying renewable energy credits
3 toward the satisfaction of the entity's obligation under this
4 section. The commission may establish a separate alternative
5 compliance payment for the goal of 3,000 [~~500~~] megawatts of
6 installed capacity from renewable energy technologies other than
7 wind energy by January 1, 2020. The alternative compliance payment
8 from a renewable energy purchase requirement that could be
9 satisfied with a renewable energy credit from wind energy may not be
10 less than \$2.50 per credit or greater than \$20 per credit. Prior to
11 September 1, 2009, an alternative compliance payment under this
12 subsection may not be set above \$5 per credit. In implementing this
13 subsection, the commission shall consider:

14 (1) the effect of renewable energy credit prices on
15 retail competition;

16 (2) the effect of renewable energy credit prices on
17 electric rates;

18 (3) the effect of the alternative compliance payment
19 level on the renewable energy credit market; and

20 (4) any other factors necessary to ensure the
21 continued development of the renewable energy industry in this
22 state while protecting ratepayers from unnecessary rate increases.

23 SECTION 3. This Act takes effect September 1, 2009.