

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 24, 2009**

**TO:** Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: SB541** by Watson (Relating to incentives for Texas renewable energy jobs and manufacturing. ), **Committee Report 1st House, Substituted**

**No significant fiscal implication to the State is anticipated.**

The bill would establish definitions of tier 1 and tier 2 renewable energy and create new goals for renewable energy generation capacity. The bill would require the Public Utility Commission (PUC) to establish alternative compliance payments for tier 2 renewable energy credits and to deposit tier 2 alternative compliance payments into the Texas Emerging Technology Fund for the purposes of research and development of tier 2 renewable energy technologies and storage technologies.

The bill would require the PUC to adopt rules necessary to track renewable energy storage technology and make it eligible for renewable energy credits. The bill would also require the PUC to create a "Made in Texas" renewable energy credit to provide incentives for generation equipment that is wholly produced or substantially transformed by a Texas workforce.

The passage of the bill would require the PUC to conduct a major rulemaking to modify existing rules relating to renewable energy, adopt measures to support tier 2 renewable energy development, adopt alternative compliance payments, and provide for incentives for renewable energy produced by Texas-made equipment and renewable energy storage. The PUC indicates that any costs associated with implementing the provisions of the bill could be absorbed within the agency's existing resources.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 473 Public Utility Commission of Texas

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