

By: Fraser, Campbell

S.B. No. 931

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the goal for renewable energy and competitive renewable
3 energy zones.

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

5 SECTION 1. Section 39.904, Utilities Code, is amended by
6 amending Subsections (a), (b), (c), (h), (j), and (o) and adding
7 Subsections (h-1) and (h-2) to read as follows:

8 (a) It is the intent of the legislature that by January 1,
9 2015, an additional 5,000 megawatts of generating capacity from
10 renewable energy technologies will have been installed in this
11 state. The cumulative installed renewable capacity in this state
12 shall total 5,880 megawatts by January 1, 2015, and the commission
13 shall establish a target of 10,000 megawatts of installed renewable
14 capacity by January 1, 2025. The cumulative installed renewable
15 capacity in this state shall total 2,280 megawatts by January 1,
16 2007, 3,272 megawatts by January 1, 2009, 4,264 megawatts by
17 January 1, 2011, 5,256 megawatts by January 1, 2013, and 5,880
18 megawatts by January 1, 2015. Of the renewable energy technology
19 generating capacity installed to meet the goal of this subsection
20 after September 1, 2005, the commission shall establish a target of
21 having at least 500 megawatts of capacity from a renewable energy
22 technology other than a source using wind energy. The goal and
23 targets established under this subsection terminate on December 31,
24 2015.

1 (b) The commission shall establish a renewable energy
2 credits trading program. Before December 31, 2015, a [Any] retail
3 electric provider, municipally owned utility, or electric
4 cooperative that does not satisfy the requirements of Subsection
5 (a) by directly owning or purchasing capacity using renewable
6 energy technologies shall purchase sufficient renewable energy
7 credits to satisfy the requirements by holding renewable energy
8 credits in lieu of capacity from renewable energy technologies. On
9 or after December 31, 2015, a retail electric provider shall
10 purchase sufficient renewable energy credits to verify any
11 marketing claims the provider makes related to the content of
12 renewable energy, as determined by the commission.

13 (c) Not later than January 1, 2000, the commission shall
14 adopt rules necessary to administer and enforce this section. At a
15 minimum, the rules shall:

16 (1) establish the minimum annual renewable energy
17 requirement for each retail electric provider, municipally owned
18 utility, and electric cooperative operating in this state in a
19 manner reasonably calculated by the commission to produce, on a
20 statewide basis, compliance with the requirement prescribed by
21 Subsection (a); and

22 (2) specify reasonable performance standards that all
23 renewable capacity additions must meet to earn renewable energy
24 credits [~~count against the requirement prescribed by Subsection~~
25 ~~(a)] and that:~~

26 (A) are designed and operated so as to maximize
27 the energy output from the capacity additions in accordance with

1 then-current industry standards; and

2 (B) encourage the development, construction, and
3 operation of new renewable energy projects at those sites in this
4 state that have the greatest economic potential for capture and
5 development of this state's environmentally beneficial renewable
6 resources.

7 (h) The commission, in consultation with the independent
8 organization certified for ERCOT, shall plan for transmission needs
9 related to the incorporation of renewable energy in a manner
10 consistent with the planning process for other types of generation
11 resources, including by considering in the planning process [~~In~~
12 ~~considering an application for a certificate of public convenience~~
13 ~~and necessity for a transmission project intended to serve a~~
14 ~~competitive renewable energy zone, the commission is not required~~
15 ~~to consider] the factors provided by Section 37.056 [~~Sections~~
16 ~~37.056(c)(1) and (2)~~].~~

17 (h-1) The commission may not designate a new competitive
18 renewable energy zone after January 1, 2015.

19 (h-2) After January 1, 2015, the commission may not approve
20 additional transmission facilities in a previously approved
21 competitive renewable energy zone unless:

22 (1) the facilities have been evaluated through the
23 planning process described by Subsection (h); or

24 (2) the addition of the facilities:

25 (A) will cost not more than \$130 million; and

26 (B) involves adding a second circuit to existing
27 single circuit lines and associated electrical equipment

1 identified as necessary by the independent organization certified
2 for ERCOT in a system planning report issued before May 1, 2014.

3 (j) The commission, after consultation with each
4 appropriate independent organization, electric reliability
5 council, or regional transmission organization, shall file a report
6 with the legislature not later than December 31 of each
7 even-numbered year. The report must include[+]

8 [~~(1) an evaluation of the commission's implementation~~
9 ~~of competitive renewable energy zones;~~

10 [~~(2) the estimated cost of transmission service~~
11 ~~improvements needed for each competitive renewable energy zone; and~~

12 [~~(3)~~] an evaluation of the effects that additional
13 renewable generation has on system reliability and on the cost of
14 alternatives to mitigate the effects.

15 (o) The commission may establish an alternative compliance
16 payment to meet the goal established by Subsection (a) before its
17 termination. An entity that has a renewable energy purchase
18 requirement under this section may elect to pay the alternative
19 compliance payment instead of applying renewable energy credits
20 toward the satisfaction of the entity's obligation under this
21 section. The commission may establish a separate alternative
22 compliance payment for the goal of 500 megawatts of capacity from
23 renewable energy technologies other than wind energy that an entity
24 may use until January 1, 2016, to meet that goal. The alternative
25 compliance payment for a renewable energy purchase requirement that
26 could be satisfied with a renewable energy credit from wind energy
27 may not be less than \$2.50 per credit or greater than \$20 per

1 credit. Prior to September 1, 2009, an alternative compliance
2 payment under this subsection may not be set above \$5 per credit.
3 In implementing this subsection, the commission shall consider:

4 (1) the effect of renewable energy credit prices on
5 retail competition;

6 (2) the effect of renewable energy credit prices on
7 electric rates;

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

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

13 SECTION 2. The recovery of a transmission facility
14 investment made by an electric utility to serve a competitive
15 renewable energy zone is governed by the law in effect on the date
16 the facility is placed in service, regardless of whether the
17 facility is completed before, on, or after the effective date of
18 this Act, and that law is continued in effect for that purpose.

19 SECTION 3. This Act takes effect immediately if it receives
20 a vote of two-thirds of all the members elected to each house, as
21 provided by Section 39, Article III, Texas Constitution. If this
22 Act does not receive the vote necessary for immediate effect, this
23 Act takes effect September 1, 2015.