

By: Fraser

S.B. No. 931

A BILL TO BE ENTITLED

AN ACT

relating to the goal for renewable energy and competitive renewable energy zones.

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

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

(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 after September 1, 2005, the commission shall establish a target of having at least 500 megawatts of capacity from a renewable energy technology other than a source using wind energy. The goal and targets established under this subsection terminate on December 31, 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 (j) The commission, after consultation with each  
20 appropriate independent organization, electric reliability  
21 council, or regional transmission organization, shall file a report  
22 with the legislature not later than December 31 of each  
23 even-numbered year. The report must include[+]

24 [~~(1) an evaluation of the commission's implementation~~  
25 ~~of competitive renewable energy zones,~~

26 [~~(2) the estimated cost of transmission service~~  
27 ~~improvements needed for each competitive renewable energy zone, and~~

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

4           (o) The commission may establish an alternative compliance  
5 payment to meet the goal established by Subsection (a) before its  
6 termination. An entity that has a renewable energy purchase  
7 requirement under this section may elect to pay the alternative  
8 compliance payment instead of applying renewable energy credits  
9 toward the satisfaction of the entity's obligation under this  
10 section. The commission may establish a separate alternative  
11 compliance payment for the goal of 500 megawatts of capacity from  
12 renewable energy technologies other than wind energy that an entity  
13 may use until January 1, 2016, to meet that goal. The alternative  
14 compliance payment for a renewable energy purchase requirement that  
15 could be satisfied with a renewable energy credit from wind energy  
16 may not be less than \$2.50 per credit or greater than \$20 per  
17 credit. Prior to September 1, 2009, an alternative compliance  
18 payment under this subsection may not be set above \$5 per credit.  
19 In implementing this subsection, the commission shall consider:

20           (1) the effect of renewable energy credit prices on  
21 retail competition;

22           (2) the effect of renewable energy credit prices on  
23 electric rates;

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

26           (4) any other factors necessary to ensure the  
27 continued development of the renewable energy industry in this

1 state while protecting ratepayers from unnecessary rate increases.

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

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