

AN ACT

relating to this state's goal for renewable energy.

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

SECTION 1. Section 36.053, Utilities Code, is amended by adding Subsection (d) to read as follows:

(d) If the commission issues a certificate of convenience and necessity or, acting under Section 39.203(e), orders an electric utility or a transmission and distribution utility to construct or enlarge transmission or transmission-related facilities to facilitate meeting the goal for generating capacity from renewable energy technologies under Section 39.904(a), the commission shall find that the facilities are used and useful to the utility in providing service for purposes of this section and are prudent and includable in the rate base, regardless of the extent of the utility's actual use of the facilities.

SECTION 2. Subsection (e), Section 39.203, Utilities Code, is amended to read as follows:

(e) The commission may require an electric utility or a transmission and distribution utility to construct or enlarge facilities to ensure safe and reliable service for the state's electric markets and to reduce transmission constraints within ERCOT in a cost-effective manner where the constraints are such that they are not being resolved through Chapter 37 or the ERCOT transmission planning process. The commission shall require an

1 electric utility or a transmission and distribution utility to  
2 construct or enlarge transmission or transmission-related  
3 facilities for the purpose of meeting the goal for generating  
4 capacity from renewable energy technologies under Section  
5 39.904(a). In any proceeding brought under Chapter 37, an electric  
6 utility or transmission and distribution utility ordered to  
7 construct or enlarge facilities under this subchapter need not  
8 prove that the construction ordered is necessary for the service,  
9 accommodation, convenience, or safety of the public and need not  
10 address the factors listed in Sections 37.056(c)(1)-(3) and (4)(E).  
11 Notwithstanding any other law, including Section 37.057, in any  
12 proceeding brought under Chapter 37 by an electric utility or a  
13 transmission and distribution utility related to an application for  
14 a certificate of public convenience and necessity to construct or  
15 enlarge transmission or transmission-related facilities under this  
16 subsection, the commission shall issue a final order before the  
17 181st day after the date the application is filed with the  
18 commission. If the commission does not issue a final order before  
19 that date, the application is approved.

20 SECTION 3. Section 39.904, Utilities Code, is amended by  
21 amending Subsection (a) and adding Subsections (g) through (n) to  
22 read as follows:

23 (a) It is the intent of the legislature that by January 1,  
24 2015 [~~2009~~], an additional 5,000 [~~2,000~~] megawatts of generating  
25 capacity from renewable energy technologies will have been  
26 installed in this state. The cumulative installed renewable  
27 capacity in this state shall total 5,880 [~~1,280~~] megawatts by

1 January 1, 2015, and the commission shall establish a target of  
2 10,000 megawatts of installed renewable capacity by January 1,  
3 2025. The cumulative installed renewable capacity in this state  
4 shall total 2,280 megawatts by January 1, 2007, 3,272 megawatts by  
5 January 1, 2009, 4,264 megawatts by January 1, 2011, 5,256  
6 megawatts by January 1, 2013, and 5,880 megawatts by January 1,  
7 2015. Of the renewable energy technology generating capacity  
8 installed to meet the goal of this subsection after September 1,  
9 2005, the commission shall establish a target of having at least 500  
10 megawatts of capacity from a renewable energy technology other than  
11 a source using wind energy [2003, 1,730 megawatts by January 1,  
12 2005, 2,280 megawatts by January 1, 2007, and 2,880 megawatts by  
13 January 1, 2009].

14 (g) The commission, after consultation with each  
15 appropriate independent organization, electric reliability  
16 council, or regional transmission organization:

17 (1) shall designate competitive renewable energy  
18 zones throughout this state in areas in which renewable energy  
19 resources and suitable land areas are sufficient to develop  
20 generating capacity from renewable energy technologies;

21 (2) shall develop a plan to construct transmission  
22 capacity necessary to deliver to electric customers, in a manner  
23 that is most beneficial and cost-effective to the customers, the  
24 electric output from renewable energy technologies in the  
25 competitive renewable energy zones; and

26 (3) shall consider the level of financial commitment  
27 by generators for each competitive renewable energy zone in

1 determining whether to designate an area as a competitive renewable  
2 energy zone and whether to grant a certificate of convenience and  
3 necessity.

4 (h) In considering an application for a certificate of  
5 public convenience and necessity for a transmission project  
6 intended to serve a competitive renewable energy zone, the  
7 commission is not required to consider the factors provided by  
8 Sections 37.056(c)(1) and (2).

9 (i) Transmission service to a competitive renewable energy  
10 zone must be provided in a manner consistent with Subchapter A,  
11 Chapter 35.

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

17 (1) an evaluation of the commission's implementation  
18 of competitive renewable energy zones;

19 (2) the estimated cost of transmission service  
20 improvements needed for each competitive renewable energy zone; and

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

24 (k) The commission and the independent organization  
25 certified for ERCOT shall study the need for increased transmission  
26 and generation capacity throughout this state and report to the  
27 legislature the results of the study and any recommendations for

1 legislation. The report must be filed with the legislature not  
2 later than December 31 of each even-numbered year and may be filed  
3 as a part of the report required by Subsection (j).

4 (l) The commission may adopt rules requiring renewable  
5 power facilities to have reactive power control capabilities or any  
6 other feasible technology designed to reduce the facilities'  
7 effects on system reliability.

8 (m) Notwithstanding any other provision of law, the  
9 commission shall ensure that all renewable capacity installed in  
10 this state and all renewable energy credits awarded, produced,  
11 procured, or sold from renewable capacity in this state are counted  
12 toward the goal in Subsection (a).

13 (n) Notwithstanding any other provision of law, the  
14 commission shall have the authority to cap the price of renewable  
15 energy credits and may suspend the goal contained in Subsection (a)  
16 if such suspension is necessary to protect the reliability and  
17 operation of the grid.

18 SECTION 4. This Act takes effect September 1, 2005, if it  
19 receives a vote of two-thirds of all the members elected to each  
20 house, as provided by Section 39, Article III, Texas Constitution.  
21 If this Act does not receive the vote necessary for effect on that  
22 date, this Act takes effect on the 91st day after the last day of the  
23 legislative session.

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 20 passed the Senate on July 12, 2005, by the following vote: Yeas 29, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 20 passed the House on July 14, 2005, by the following vote: Yeas 103, Nays 13, one present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor