

BILL ANALYSIS

Senate Research Center
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S.B. 1075
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AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The cost of electricity is rising dramatically due to the high cost of natural gas, and costs are expected to continue to rise. Emissions from power plants are affecting the health of Texas citizens and the state's ability to meet federal air quality guidelines.

Renewable energy offers a stable source of electricity without any fuel prices and emits no pollution during operation.

Texas leads the nation in its potential to use renewable resources. In 1999, the Texas legislature passed a bill to deregulate the electric utility industry. That bill set a goal of having three percent, or 2,000 megawatts, of the state's generating capacity come from renewable energy by 2009. Developers are expected to exceed that goal by December 31, 2005.

However, development will soon stall due to limitations on transmission capacity and unclear reimbursement rules for the transmission utilities. Without an increase in the renewable portfolio standard (RPS) it will be hard for transmission providers to know how much transmission capacity to add to the system.

Wind has been the dominant provider of renewables while other emerging renewable energy source, such as biomass and solar, have been developing.

S.B. 1075 increases the goal for use of renewable resources, defines the term "distributed generation," eliminates many of the bottlenecks that have prevented transmission from being built in a timely manner, and allows wind and other renewable energy to be delivered into Texas cities.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the Public Utility Commission of Texas is modified in SECTION 5 (Section 39.904, Utilities Code).

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 5 (Section 39.904, Utilities Code).

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 35.004(d), Utilities Code, to require the Public Utility Commission of Texas (commission), notwithstanding Section 36.054(a) and if the commission requires an electric utility or a transmission and distribution utility to construct and enlarge facilities in accordance with Section 39.203(e) and if the utility has an executed interconnection agreement with a renewable energy technology generator, to authorize the inclusion of all costs incurred by the utility for engineering, procuring, planning, and developing the facilities. Deletes existing text specifying transmission investment required by the commission.

SECTION 2. Amends Section 35.006, Utilities Code, by adding Subsection (c), to require the commission to design the commission's protocols regarding locational marginal pricing to maximize the benefits of renewable energy technologies, including benefits to the environment, benefits to reliability, economic benefits, and security benefits.

SECTION 3. Amends Section 37.056(c), Utilities Code, to require the commission to grant each certificate of convenience and necessity on a nondiscriminatory basis after considering the effect of granting the certificate on the ability of this state to meet the goals established by Section 39.904, Utilities Code. Deletes existing text relating to the ability of this state to meet the goal established by Section 39.904(a) of this title.

SECTION 4. Amends Section 39.203(e), Utilities Code, to authorize the commission to require an electric utility or a transmission and distribution utility to interconnect renewable energy technology generators to the transmission and distribution system. Provides that, in any proceeding brought under Chapter 37, Utilities Code, an electric utility or transmission and distribution utility ordered to construct or enlarge facilities under this subchapter need not address the factors listed in Sections 37.056(c)(1)-(3) and (5)(E), rather than (4)(E). Requires the commission to approve or deny an application for a certificate of convenience and necessity for facilities being enlarged to serve a renewable energy technology generator not later than the 90th day after the date the application is filed.

SECTION 5. Amends Section 39.904, Utilities Code, by amending Subsections (a), (b), (c), and (d), and adding Subsection (g), as follows:

(a) Provides that it is the goal of this state that before January 1, 2020, not less than 20 percent of electric energy consumed in this state must be generated by renewable energy technologies. Provides that the legislature intends that the goal be met incrementally so that installed renewable energy in this state shall total 2,280 megawatts by January 1, 2007, 2,880 megawatts by January 1, 2009, and 10,880 megawatts by January 1, 2015. Provides that, of the generating capacity from renewable energy technologies installed by January 1, 2015, the goal is for at least 500 megawatts to be generating capacity from distributed renewable energy technologies and, of that 500 megawatts of distributed capacity, the goal is for at least 100 megawatts to be generating capacity installed on the customer's side of the meter. Deletes existing text relating to the intent of the legislature.

(b) Requires the commission to establish a renewable energy credits trading program and a program for recognizing the credits representing generating capacity by distributed renewable technologies on either side of the meter.

(c) Requires the commission, rather than the commission not later than January 1, 2000, to adopt rules necessary to administer and enforce this section and sets forth minimum requirements for such rules.

(d) Defines "distributed renewable energy technology." Makes nonsubstantive changes.

(g) Requires the commission and each appropriate independent organization certified under Section 39.151, Utilities Code, to approve a plan to provide new transmission infrastructure necessary to support the goals established by Subsection (a). Authorizes the commission to adopt rules as necessary to implement the plan. Sets forth guidelines for what should be addressed in the plan.

SECTION 6. Requires the commission, not later than June 1, 2006, and in conjunction with each appropriate independent organization certified under Section 39.151, Utilities Code, and appropriate transmission group, to approve a plan for new transmission infrastructure as required by Section 39.904(g), Utilities Code, as added by this Act.

SECTION 7. Requires the lieutenant governor and the speaker of the house of representatives to appoint a study group that has expertise necessary to develop a plan by which this state may meet a goal of having 20 percent of all energy consumption in this state by January 1, 2020, be from renewable energy technology sources, as defined by Section 39.904, Utilities Code. Requires the study group to develop a plan to meet that goal and to issue a report on the plan to the legislature not later than January 1, 2007.

SECTION 8. Effective date: September 1, 2005.