

BILL ANALYSIS

Senate Research Center
83R25748 DDT-F

C.S.S.B. 1478
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Business & Commerce
4/30/2013
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

C.S.S.B. 1478 is designed to ensure that a percentage of renewable energy development in the El Paso area is domestically produced. The bill is limited to operations in the Western Electricity Coordinating Council (WECC) and is local, affecting only the El Paso area. This legislation is part of the City of El Paso's legislative agenda.

In 1999, the Texas Legislature adopted goals to increase the amount of renewable energy produced in Texas. In order to fulfill these goals over time, the Public Utility Commission of Texas created an annual renewable goal for each electricity provider in Texas, known as the renewable portfolio standard (RPS).

One of the advantages of this policy has been the development of the renewable industry and new jobs in Texas. Today, reports indicate that there are more solar energy workers in Texas than there are ranchers. These workers are infusing new dollars into the local economies. This is consistent with goals of the RPS, one of which was to help the state develop a new source of domestic employment.

However, the City of El Paso has not benefited from this development to the degree that its neighbors has. Currently, the utility in El Paso fulfills much of the RPS requirement with energy from projects in New Mexico and ERCOT. That means that many of the economic benefits associated with renewable energy leave the area.

C.S.S.B. 1478 amends current law relating to the satisfaction of annual renewable energy requirements by certain utilities.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 (Section 39.904, Utilities Code) and SECTION 2 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 39.904, Utilities Code, by adding Subsection (c-1), as follows:

(c-1) Requires the Public Utility Commission of Texas (PUC), notwithstanding any other law, by rule to require an investor-owned electric utility that was not affiliated with the Electric Reliability Council of Texas (ERCOT) and was operating solely outside of ERCOT in areas of this state that were included in the Western Electricity Coordinating Council on January 1, 2013, to satisfy, not later than December 31, 2015, at least 15 percent of the annual renewable energy requirement under Subsection (c) (relating to requiring PUC, not later than January 1, 2000, to adopt rules necessary to administer and enforce this section) through capacity or purchases of renewable energy credits that are physically metered and verified in the utility's Texas or New Mexico service area. Requires the electric utility to satisfy at least 20 percent of that energy requirement in that manner by December 31, 2018, and at least 35 percent by December 31, 2021. Provides that these requirements are subject to the following conditions:

(1) the electric utility is prohibited from being required to satisfy more than the specified percentages through capacity or purchases of renewable energy credits that are physically metered and verified in the utility's Texas or New Mexico service area;

(2) the maximum amount per renewable energy credit that the electric utility is required to incur in satisfaction of this subsection is the lesser of \$50 or five times the average amount the electric utility paid for the purchase of a renewable energy credit for compliance in the previous year, and to the extent renewable energy credits cannot be obtained for that price, the electric utility is relieved of any further obligations under this subsection for that year; and

(3) PUC is required to count toward the satisfaction of the obligations of this section any capacity or purchases of renewable energy credits that are physically metered and verified in the utility's New Mexico service area and are registered with a renewable energy generation information system that is designed to create and track ownership of renewable energy credits and that, through the use of independently audited generation data, verifies the generation and delivery of electricity associated with each renewable energy credit and protects against counting the same renewable energy credit more than once.

SECTION 2. Requires PUC to adopt rules to implement Section 39.904(c-1), Utilities Code, as added by this Act, as soon as practicable following the effective date of this Act, but not later than August 31, 2014.

SECTION 3. Effective date: January 1, 2014.