

BILL ANALYSIS

Senate Research Center

C.S.S.B. 931
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Natural Resources & Economic Development
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 1999 the legislature adopted the first Renewable Portfolio Standard (RPS) in Texas. This established a target of 2000 megawatts of renewable energy in Texas. In 2005 the legislature made a strategic decision to take substantial steps to diversify the state's energy fuel mix and support renewable energy generation by increasing the RPS to 5,880 megawatts to be achieved by 2015. Legislators also established the renewable energy credit (REC) trading program to implement the mandate set out by RPS, and separately gave the Public Utility Commission of Texas (PUC) the authority it needed to formalize the competitive renewable energy zone system (CREZ). Each policy formed the foundation of a vision to make renewable energy a major component of the state's energy generation portfolio.

Today Texas leads the nation in renewable generation with over 12,800 megawatts of installed wind, solar, and biomass generation capacity, and has built over 3,580 miles of CREZ transmission lines associated with 169 individual projects. Texas has surpassed every measurable goal associated with the renewable program conceived in 2005. The targets, mandates, and exemptions associated with RPS and CREZ are now irrelevant and should be eliminated or phased out.

C.S.S.B. 931 amends current law relating to the goal for renewable energy and competitive renewable energy zones.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to Public Utility Commission of Texas is modified in SECTION 1 (Section 39.904, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 39.904, Utilities Code, by amending Subsections (a), (b), (c), (h), (j), and (o) and adding Subsection (h-1) and (h-2), as follows:

(a) Sets forth certain renewable energy goals and targets. Provides that the goal and targets under this subsection terminate on December 31, 2015.

(b) Requires the Public Utility Commission of Texas (PUC) to establish a renewable energy credits trading program. Requires a retail electric provider, municipally owned utility, or electric cooperative, that does not satisfy the requirements of Subsection (a) by directly owning or purchasing capacity using renewable energy technologies to purchase before December 31, 2015, sufficient renewable energy credits to satisfy the requirements by holding renewable energy credits in lieu of capacity from renewable energy technologies. Requires a retail electric provider to purchase on or after December 31, 2015, sufficient renewable energy credits to verify any marketing claims the provider makes related to the content of renewable energy, as determined by PUC.

(c) Requires PUC to, not later than January 1, 2000, adopt rules necessary to administer and enforce this section and requires PUC, at a minimum, to specify reasonable performance standards that all renewable capacity additions must meet to earn renewable

energy credits, rather than must meet to count against the requirement prescribed by Subsection (a).

(h) Requires PUC, in consultation with the independent organization certified for the Electric Reliability Council of Texas (ERCOT), to plan for transmission needs related to the incorporation of renewable energy in a manner consistent with the planning process for other types of generation resources, including by considering in the planning process the factors provided by Section 37.056 (Grant or Denial of Certificate). Deletes existing text providing that PUC, in considering an application for a certificate of public convenience and necessity for a transmission project intended to serve a competitive renewable energy zone, is not required to consider the factors provided by Sections 37.056(c)(1) (relating to the adequacy of existing service) and (2) (relating to the need for additional service).

(h-1) Prohibits PUC from designating a new competitive renewable energy zone after January 1, 2015.

(h-2) Prohibits PUC, after January 1, 2015, from approving the additional transmission facilities in a previously approved competitive renewable energy zone unless:

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

(2) the addition of the facilities:

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

(B) involves adding a second circuit to existing single circuit lines and associated electrical equipment identified as necessary by the independent organization certified for ERCOT in a system planning report issued before May 1, 2014.

(j) Requires PUC, after consultation with each appropriate independent organization, electric reliability council, or regional transmission organization, to file a report with the legislature not later than December 31 of each even-numbered year. Requires that the report include an evaluation of the effects that additional renewable generation has on system reliability and on the cost of alternatives to mitigate the effects. Deletes existing text requiring that the report include an evaluation of PUC's implementation of competitive renewable energy zones and the estimated cost of transmission service improvements needed for each competitive renewable energy zone.

(o) Authorizes PUC to establish an alternative compliance payment to meet the goal established by Subsection (a) before its termination. Authorizes PUC to establish a separate alternative compliance payment for the goal of 500 megawatts of capacity from renewable energy technologies other than wind energy that an entity may use until January 1, 2016, to meet that goal.

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

SECTION 3. Effective date: upon passage or September 1, 2015.