04/09

Renewable Portfolio Standard for Emerging Renewable Energy Resources

HB 2520 by Rep. Swinford
HB 3478 by Rep. Gallego

AECT Position: Neutral

Proposals

HB 2520

- HB 2520 would set benchmarks for the installation of generation capacity from "emerging renewable energy resources," which includes any non-wind technology, as well as wind technology smaller than 10 MW of capacity. Cumulative installed emerging renewable energy resource generating capacity would total: 150 MW by Jan. 1, 2011; 300 MW by Jan. 1, 2012; 450 MW by Jan. 1, 2013; 600 MW by Jan. 1, 2014; 900 MW by Jan. 1, 2015; 1,200 MW by Jan. 1, 2016; 1,500 MW by Jan. 1, 2017; 1,800 MW; by Jan. 1, 2018; 2,400 MW by Jan. 1, 2019; and 3,000 MW by Jan. 1, 2020.
- The Public Utility Commission of Texas (PUC) would create an emerging renewable energy credits trading program to facilitate the goal. The PUC would be required to adopt rules establishing annual REC purchase requirements for retail electric providers.
- The PUC would set goals related to the performance of the new emerging renewable energy technology, including oversight over the technology's potential effect on grid reliability.
- The bill allows a transmission-level customer to choose to not support the goal by excluding itself from the calculations of REC requirements for REPs.

HB 3478

- HB 3478 would alter the state's renewable portfolio standard (RPS) to include a goal (or mandate) of 10,000 MW of installed renewable capacity by Jan. 1, 2020. The RPS would maintain current include interim goals of 4,264 MW by Jan. 1, 2011; 5,256 MW by Jan. 1, 2013; and 5,880 MW by Jan. 1, 2015.
- By Jan. 1, 2020, at least 4,000 MW of the generation would be from sources other than high-capacity wind energy, with interim goals of 500 MW by Jan. 1, 2012 and 2,000 MW by Jan. 1, 2015.
- The Public Utility Commission of Texas (PUC) would be required to establish an alternate compliance payment to meet the non-high-capacity wind RPS, and remove the existing cap on alternate compliance payments.
- HB 3478 provides definitions for "renewable biomass" to fulfill the mandates described in the bill, including:
    - planted crops and crop residue harvested from agricultural land before Sep. 1, 2009;
    - wood waste from actively managed tree plantations on nonfederal land cleared before Sep. 1, 2009;
    - forest wood waste, excluding old growth forests or ecologically sensitive areas;
    - residential or commercial yard or food waste, including recycled cooking grease;
    - organic matter from areas regularly occupied by people;
    - animal waste and animal byproducts; and
    - algae.

AECT Position

- AECT member companies support the implementation of alternative energy technologies as they become economically viable and in demand by customers. Allowing market participants the flexibility to meet customer demand is the best process for supporting new technologies.

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- Customers who seek to use these technologies should be allowed the opportunity to weigh the benefits versus the costs and choose accordingly, but those customers should not be able to shift costs to other customers.
- Alternative energy resource development must be closely coordinated with the utilities whose job it is to provide electric service to customers. This is particularly important with new technologies designed to interconnect with the current electric system.
- Mandates of experimental or developing technologies can add costs to the market, which are ultimately borne by customers.
- AECT remains committed to a long-term transition to future energy solutions, but our state must do so in a manner that is rational, measured and does not impose an unreasonable financial burden on customers or market participants.
- To ensure a cost effective, sustainable and achievable program, AECT recommends the following when evaluating renewable power stimulus proposals:
    - First, AECT supports policies that are "technology neutral," allowing customers within the competitive market to bring forward the right mix of technology and renewable generation types.
    - Second, the value to be achieved through non-wind renewable generation expansion should be transparent, and intertwined with the costs to achieve those goals.
    - Third, the cost and benefit should be rigorously studied to ensure the greatest benefit for the dollars spent.

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