

Sec. 39.904. GOAL FOR RENEWABLE ENERGY. (a) It is the intent of the legislature that by January 1, 2009, an additional 2,000 megawatts of generating capacity from renewable energy technologies will have been installed in this state. The cumulative installed renewable capacity in this state shall total 1,280 megawatts by January 1, 2003, 1,730 megawatts by January 1, 2005, 2,280 megawatts by January 1, 2007, and 2,880 megawatts by January 1, 2009.

(b) The commission shall establish a renewable energy credits trading program. Any 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 shall purchase sufficient renewable energy credits to satisfy the requirements by holding renewable energy credits in lieu of capacity from renewable energy technologies.

(c) Not later than January 1, 2000, the commission shall adopt rules necessary to administer and enforce this section. At a minimum, the rules shall:

(1) establish the minimum annual renewable energy requirement for each retail electric provider, municipally owned utility, and electric cooperative operating in this state in a manner reasonably calculated by the commission to produce, on a statewide basis, compliance with the requirement prescribed by Subsection (a); and

(2) specify reasonable performance standards that all renewable capacity additions must meet to count against the requirement prescribed by Subsection (a) and that:

(A) are designed and operated so as to maximize the energy output from the capacity additions in accordance with then-current industry standards; and

(B) encourage the development, construction, and operation of new renewable energy projects at those sites in this state that have the greatest economic potential for capture and development of this state's environmentally beneficial renewable resources.

(d) In this section, "renewable energy technology" means any technology that exclusively relies on an energy source that is naturally regenerated over a short time and derived directly from the sun, indirectly from the sun, or from moving water or other natural movements and mechanisms of the environment. Renewable energy technologies include those that rely on energy derived directly from the sun, on wind,

geothermal, hydroelectric, wave, or tidal energy, or on biomass or biomass-based waste products, including landfill gas. A renewable energy technology does not rely on energy resources derived from fossil fuels, waste products from fossil fuels, or waste products from inorganic sources.

(e) A municipally owned utility operating a gas distribution system may credit toward satisfaction of the requirements of this section any production or acquisition of landfill gas supplied to the gas distribution system, based on conversion to kilowatt hours of the thermal energy content in British thermal units of the renewable source and using for the conversion factor the annual heat rate of the most efficient gas-fired unit of the combined utility's electric system as measured in British thermal units per kilowatt hour and using the British thermal unit measurement based on the higher heating value measurement.

(f) A municipally owned utility operating a gas distribution system may credit toward satisfaction of the requirements of this section any production or acquisition of landfill gas supplied to the gas distribution system, based on conversion to kilowatt hours of the thermal energy content in British thermal units of the renewable source and using for the conversion factor the systemwide average heat rate of the gas-fired units of the combined utility's electric system as measured in British thermal units per kilowatt hour.