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energybuzz

Wind Energy Faces Strong Headwinds in Austin

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Some might say that wind energy in Texas has become a victim of its own success. In 2005, Sen. Troy Fraser, R-Horseshoe Bay, promoted wind energy and other renewable energy sources by sponsoring Senate Bill 20, which increased Renewable Portfolio Standard goals and helped to jump-start the Texas wind power industry.

Then, over the past decade, Texas achieved its goal to develop 5,880 megawatts of renewable energy—and even surpassed its non-binding 2025 target of 10,000 MW. Today, Texas has more than 13,000 MW of renew-

ables online and thousands more in development.

Now, 10 years later, Sen. Fraser has done an about-face and has filed S.B. 931, which would eliminate Texas' RPS by the end of 2015. Recently the Senate Committee on Natural Resources & Economic Development passed S.B. 931, and now it will be sent to the Senate floor for a vote.

Christopher Hughes, a partner with Husch Blackwell in Austin, recently discussed Fraser's new bill with Texas Lawyer.

"The primary objectives of S.B. 931 are to set an expiration date for the RPS, and prevent the expansion of the competitive renewable energy zone (CREZ) trans-

mission initiative that was designed to ease transmission congestion from west to east Texas and ensure transmission capacity for future renewable energy development," he said.

Hughes explained that since the existing RPS goal has been met, and assuming the final version of this bill allows the Panhandle projects to be built as planned and promised, this measure currently has more symbolic effect than practical effect.

"The most obvious effect initially is the impact it will have on renewable energy credit trading in the Electric Reliability Council of Texas," he said. "However, if the Panhandle portion of the CREZ Transmission

Plan does not get built, it may have a serious impact on projects planned for that zone, and could have a chilling effect on future financing if it's seen as changing rules in the middle of the game and creating greater regulatory risk."

Hughes discussed the proposed Senate bill's impact—if it is enacted into law—on the state's renewable energy credit program. Hughes said, "The mandatory purchase of RECs will end. A voluntary market will remain for use mostly by commercial and industrial entities with renewable programs or to meet federal requirements, but prices for RECs will be depressed, perhaps significantly."

According to Hughes, if the final version of the bill allows for the completion of the initial CTP as planned and promised, the bill will have more impact on the ability of the Public Utility Commission of Texas to address any future renewable transmission issues without first having to seek new legislative approval.



"This effectively removes a tool for the commission to react quickly to address unforeseen or extraordinary transmission needs created by continued investment in the CREZ zones, or a rapid increase in solar generation in areas of the state that the existing CREZ does not reach," he said. "The bill also removes a valuable tool for the state in addressing generation solutions if the federal Clean Power Plan forces the rapid decommission of some of its existing fossil capacity."

Hughes also commented on the timing of the bill's

vote in the Texas Senate: "There is no set schedule. Once it is on the Senate intent calendar, Sen. Fraser can bring up the bill at any time once he demonstrates to Lt. Gov. Patrick that he has the support of three-fifths of the Senate members to suspend the regular order of business and take it up."

When asked for his prediction about the chances that S.B. 931 will be enacted into law this legislative session, Hughes answered, "Ask me in a month."

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