

**Testimony of Julie Caruthers Parsley
Commissioner of the Public Utility Commission of Texas
Before the U.S. House of Representatives
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The Public Utility Commission of Texas (PUCT) oversees the electric industry in the Electric Reliability Council of Texas, which covers approximately 85% of the State's electric load and is located solely within the State of Texas. The remaining portions of Texas are located in either the Eastern or Western Interconnections. Texas has experienced tremendous growth in renewable generation since the wholesale market opened in 1995, adding over 3000 MWs of wind generation to date, with another 4000 MWs under construction or announced. Texas surpassed California as the U.S. leader for renewable energy and has the world's largest windfarm. In 2005, Texas increased its Renewable Portfolio Standard (RPS) from 2880 MWs of installed renewable generation to 5,880 MWs by 2015, with a target of 10,000 MWs by 2025.

Three essential factors have facilitated the success of renewable generation in Texas: robust markets for renewable energy; significant transmission investment; and positive economic incentives. First, a commitment by Texas leadership in competitive wholesale and retail markets has facilitated willing buyers and sellers to expand the growth of renewable resources. Second, utilities have made significant commitments to improve the transmission infrastructure, including over \$2.2 Billion from 1999 to 2005 with an additional \$3.1 Billion expected from 2006 to 2012. This level of transmission investment is due, in large part, to the mandate from the State Legislature that wholesale transmission services are priced based on the postage stamp method and costs are socialized across the State. In addition, the Texas Legislature directed the PUCT to designate competitive renewable energy zones and develop a plan to construct transmission capacity necessary to deliver renewable energy to consumers. Finally, the federal Production Tax Credit (PTC) and Texas Renewable Energy Credits (REC) trading program offer positive economic incentives to help make the costs of wind energy competitive, especially during times of high natural gas prices.

In summary, I think the most critical factor for the success of renewable energy is the ability to fund, site, and build transmission to move the power to the load. One solution would be consideration of renewable transmission corridors with socialized costs, but any national policy should allow for regional flexibility.