

BILL ANALYSIS

Senate Research Center
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S.B. 1420
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 3693, 80th Legislature, Regular Session, 2007, provided that it was the intent of the legislature to promote the use of on-site renewable energy and net-metering. However, rules developed by the Public Utility Commission (PUC) have not addressed the issue of third-party ownership, the need for owners of distributed renewable generation to register as a power company, and what rates retail electric providers would be required to pay for surplus energy.

As proposed, S.B. 1420 provides for the promotion of the use of solar power and other on-site renewable energy systems by clarifying the law related to third-party ownership of solar and other on-site renewable energy sources, requirements to register with PUC as a power generating company, and requirements that retail electric providers pay customers who generate excess electricity from their onsite renewable device.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 4 (Section 39.916, Utilities Code) and SECTION 5 (Sections 39.926 and 39.927, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 31.002(6), Utilities Code, to redefine "electric utility."

SECTION 2. Amends Section 39.914(a), Utilities Code, to require an electric utility or retail electric provider, after December 1, 2009, on the request of an independent school district, to provide for net metering and contract with the district, rather than an independent school district, so that under the contract the retail, rather than net, value of that surplus electricity is credited to the district. Makes a nonsubstantive change.

SECTION 3. Amends Section 39.916(a)(1), Utilities Code, to redefine "distributed renewable generation."

SECTION 4. Amends Section 39.916, Utilities Code, by adding Subsection (k), as follows:

(k) Requires the Public Utility Commission of Texas (PUC) by rule to require a retail electric provider that offers to purchase excess electricity produced by distributed renewable generation to include line items on each bill of a customer who is a distributed renewable generation owner that inform the customer of the capacity of the customer's distributed renewable generation system; the amount of excess electricity produced by the customer's distributed renewable generation system purchased by the retail electric provider, in terms of kilowatt hours; and the average price the retail electric utility paid for each kilowatt hour of the excess electricity produced by the customer's distributed renewable generation system.

SECTION 5. Amends Subchapter Z, Chapter 39, Utilities Code, by adding Sections 39.926 and 39.927, as follows:

Sec. 39.926. INFORMATION ON INTERNET REGARDING PURCHASE OF EXCESS ELECTRICITY PRODUCED BY DISTRIBUTED RENEWABLE GENERATION. (a) Requires PUC, on the Internet website found at

<http://www.powertochoose.org>, to provide for access to easily comparable information regarding retail electric providers' offers to distributed renewable generation owners for their surplus electricity, including information regarding contract terms and whether the retail electric provider makes no offer for surplus electricity.

(b) Requires PUC, on the Internet website found at <http://www.powertochoose.org>, to provide for access to easily comparable information regarding offers of renewable energy credit marketers to distributed renewable generation owners.

(c) Requires PUC by rule to require transmission and distribution utilities and retail electric providers to provide on publicly accessible Internet websites information on purchase price offers per kilowatt hour for excess electricity produced by distributed renewable generation and information instructing customers with distributed renewable generation on how to request and obtain the purchase rates offered.

Sec. 39.927. VIABILITY OF MARKET FOR DISTRIBUTED RENEWABLE GENERATION EXCESS ENERGY. (a) Defines "distributed renewable generation" and "excess energy."

(b) Requires PUC, on or before December 1, 2010, by rule to establish criteria for determining whether there is a viable market in Electric Reliability Council of Texas (ERCOT) for the sale of excess energy. Requires that the market, to be considered viable, provide for each customer in ERCOT to have available at least one offer for excess energy at a rate equal to at least 80 percent of the retail price for energy, and each customer in ERCOT to have available at least two different offers for excess energy in addition to an offer described by Subdivision (1).

(c) Requires PUC to require the independent organization certified under Section 39.151 (Essential Organizations) to monitor the development and implementation of a competitive market in ERCOT for the sale of excess energy. Requires that the rules provide a mechanism for the organization to monitor retail electric providers' offers to purchase excess energy and rates of customers' sales of excess energy.

(d) Requires the organization, not later than September 1, 2010, to publish and provide to PUC a report that identifies the rates of excess energy market participation by retail electric providers and customers with distributed renewable generation in ERCOT. Requires that the report include:

(1) the organization's assessment of the development of the market in ERCOT for the sale of excess energy and whether that market is viable according to the criteria adopted under Subsection (b);

(2) the rate of adoption by customers in ERCOT of distributed renewable generation by solar energy technologies; and

(3) certain information regarding each retail electric provider in ERCOT.

(e) Requires PUC by rule, if the independent organization's report under Subsection (d) concludes that the market for the sale of excess energy is not viable according to the criteria adopted under Subsection (b), not later than December 1, 2010, to require all retail electric providers to offer net metering services and advanced meter information networks to all customers in all customer classes.

(f) Provides that Subsections (a)-(d) and this subsection expire September 2, 2011.

SECTION 6. Amends Section 39.351, Utilities Code, by adding Subsection (d), to authorize a distributed renewable generation owner as defined by Section 39.916, notwithstanding Subsection (a), to generate electricity without registering as a power generation company.

SECTION 7. Effective date: September 1, 2009.