

Amend CSSB 12 by adding the following sections, numbered appropriately, and renumbering the sections of the bill accordingly:

SECTION _____. Chapter 39, Utilities Code, is amended by adding Section 39.9051 to read as follows:

Sec. 39.9051. ENERGY EFFICIENCY DEMONSTRATION PROJECTS FOR SOLAR ELECTRIC SYSTEM; GRANT PROGRAM. (a) The commission by rule shall establish grant programs for:

(1) a demonstration project for installation of solar electric systems for new residential subdivisions;

(2) a demonstration project for installation of solar electric systems for new or established affordable housing for persons with low incomes; and

(3) a demonstration project for installation of solar electric systems for not more than three small businesses.

(b) To qualify for a grant under this section, the solar electric system must be a device that:

(1) generates electricity using solar resources;

(2) has a generating capacity of not more than 1,000 kilowatts; and

(3) is installed with a warranty against breakdown or undue degradation for a period of at least five years.

(c) A demonstration project grant program established under this section must provide for full or partial payment of the cost of equipment and installation for the solar electric systems. The commission shall establish for each grant program a competitive bidding process for grant applicants. The commission shall consider the value of funding demonstration projects in different parts of this state, after considering the demographic and geographic diversity of this state.

(d) To qualify for a grant under Subsection (a)(1) the applicant:

(1) must be a person whose primary business activity is the building of residential housing developments; and

(2) must have installed or must be contractually obligated to install qualifying solar electric systems in each residence constructed in a residential subdivision.

(e) To qualify for a grant under Subsection (a)(2) the applicant must have installed or be contractually obligated to install a qualifying solar electric system for residential real property:

(1) appraised in accordance with Section 23.21, Tax Code, as affordable housing property; or

(2) subject to a contractual obligation that the property will be appraised in accordance with Section 23.21, Tax Code, as affordable housing property within a reasonable time after the grant is received.

(f) To qualify for a grant under Subsection (a)(3), the applicant must be a small business or owner of a small business that meets qualifications adopted by the commission after consideration of federal Small Business Administration standards for qualification for loans from that administration.

(g) The commission shall issue a report to the governor, lieutenant governor, and speaker of the house of representatives not later than December 1 of each even-numbered year summarizing the status of the grant programs established under Subsection (a). The report must include the amount of money granted to each demonstration project and an evaluation of whether the projects demonstrate the economic and ecologic viability of solar electric system installations.

(h) This section expires December 31, 2010.

SECTION _____. (a) The Public Utility Commission of Texas may apply to a demonstration project grant program established under Section 39.9051, Utilities Code, as added by this Act, any money appropriated to the commission that may be used for that purpose.

(b) The Public Utility Commission of Texas may solicit and accepts gifts, grants, and other donations from any source to carry out the demonstration grant program established under Section 39.9051, Utilities Code, as added by this Act.

(c) Contingent on the passage and becoming law of S.B. No. 482, Acts of the 80th Legislature, Regular Session, 2007, or similar legislation that enacts a provision that establishes a fee on a retail electric provider related to the number of customers the

provider gains in a given period, notwithstanding any law dedicating that fee revenue for a particular purpose, that fee revenue may be appropriated for use by the Public Utility Commission of Texas for a demonstration project grant program under Section 39.914, Utilities Code, as added by this Act.

(c) This section expires December 31, 2010.

SECTION _____. Subchapter Z, Chapter 39, Utilities Code, is amended by adding Section 39.9032 to read as follows:

Sec. 39.9032. INTERCONNECTION OF DISTRIBUTED RENEWABLE GENERATION. (a) In this section:

(1) "Distributed renewable generation" means electric generation with a capacity of not more than 2,000 kilowatts provided by a renewable energy technology, as defined by Section 39.904, that is installed on a retail electric customer's side of the meter.

(2) "Distributed renewable generation owner" means the owner of distributed renewable generation.

(3) "Interconnection" means the right of a distributed renewable generation owner to physically connect distributed renewable generation to an electricity distribution system, and the technical requirements, rules, or processes for the connection.

(b) A transmission and distribution utility or electric utility shall allow interconnection if:

(1) the distributed renewable generation to be interconnected has a five-year warranty against breakdown or undue degradation; and

(2) the rated capacity of the distributed renewable generation does not exceed the service entrance capacity.

(c) A customer may request interconnection by filing an application for interconnection with the transmission and distribution utility or electric utility. Procedures of a transmission and distribution utility or electric utility for the submission and processing of a customer's application for interconnection shall be consistent with rules adopted by the commission regarding interconnection.

(d) The commission by rule shall establish safety, technical, and performance standards for distributed renewable

generation that may be interconnected. In adopting the rules, the commission shall consider standards published by the Underwriters Laboratories, the National Electric Code, the National Electric Safety Code, and the Institute of Electrical and Electronics Engineers.

(e) A transmission and distribution utility, electric utility, or retail electric provider may not require a distributed renewable generation owner whose distributed renewable generation meets the standards established by rule under Subsection (d) to purchase an amount, type, or classification of liability insurance the distributed renewable generation owner would not have in the absence of the distributed renewable generation.

(f) A transmission and distribution utility shall make available to a distributed renewable generation owner for purposes of this section metering required for services provided under this section, including separate meters that measure the load and generator output or a single meter capable of measuring separately in-flow and out-flow at the point of common coupling meter point. The distributed renewable generation owner must pay the differential cost of the metering unless the meters are provided at no additional cost. Except as provided by this section, Section 39.107 applies to metering under this section.

(g) A renewable energy credit that is earned by a distributed renewable generation owner through the interconnection of a renewable electric system is the sole property of the distributed renewable generation owner unless the distributed renewable generation owner engages in a transaction to sell or trade the credit under Section 39.904.

(h) A transmission and distribution utility, an electric utility or retail electric provider shall provide for net metering and may contract with a distributed renewable generation owner so that:

(1) surplus electricity produced by distributed renewable generation is made available for sale to the transmission grid and distribution system; and

(2) the net value of that surplus electricity is credited to the distributed renewable generation owner.

(j) For distributed renewable generation owners in areas in which customer choice has been introduced, the distributed renewable generation owner must sell the owner's surplus electricity produced to the retail electric provider that serves the distributed renewable generation owner's load at a value agreed to between the distributed renewable generation owner and the provider that serves the owner's load. Without limiting any mutually agreed commercial arrangement, the agreed value may be based on the clearing price of energy at the time of day that the electricity is made available to the grid or may be a credit applied to an account during a billing period that may be carried over to subsequent billing periods until the credit has been redeemed. The independent organization identified in Section 39.151 shall develop procedures so that the amount of electricity purchased from a distributed renewable generation owner under this section is accounted for in settling the total load served by the provider that serves that owner's load by January 1, 2009. A distributed renewable generation owner requesting net metering services for purposes of this section must have metering devices capable of providing measurements consistent with the independent organization's settlement requirements.

SECTION _____. Section 39.9032, Utilities Code, as added by this Act, takes effect January 1, 2009.