

BILL ANALYSIS

Senate Research Center

S.B. 2349
By: Ogden
Business & Commerce
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, significant amounts of natural gas are wasted, stranded, or underutilized for a number of reasons.

As proposed, S.B. 2349 defines "distributed generation facility" (facility). The bill authorizes a person who owns or operates a facility to sell electric energy at wholesale to the electric utility or retail electric provider that provides retail service to the owner/operator. The bill also authorizes the Public Utility Commission to adopt rules providing for a reasonable price for the energy and to establish simplified filing requirements for distributed generation facilities.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission in SECTION 3 (Section 35.009, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 31.002, Utilities Code, by adding paragraph (4-1) and amending paragraph (10), as follows:

(4-1) Defines "distributed generation facility."

(10) Redefines "power generation company."

SECTION 2. Amends the title to Subchapter B, Chapter 35, Utilities Code, to read as follows:

SUBCHAPTER B. EXEMPT WHOLESALE GENERATORS, DISTRIBUTED GENERATION FACILITIES, AND POWER MARKETERS

SECTION 3. Amends Subchapter A, Chapter 35, Utilities Code, by adding Section 35.009, as follows:

Sec. 35.009. DISTRIBUTED GENERATION FACILITIES. Authorizes a person who owns or operates a distributed generation facility to sell electric energy at wholesale. Requires the electric utility or retail electric provider providing retail service to the facility to purchase energy tendered to it by the distributed generation facility owner or operator at a price that is consistent with rules adopted by the Public Utility Commission of Texas (PUC). Requires that the rules adopted by PUC provide for a reasonable price for the energy, based on factors that PUC determines are relevant, including the electric utility's or retail electric provider's avoided cost of energy and the market value of energy.

SECTION 4. Amends Section 39.351(c), Utilities Code, to authorize PUC to establish simplified filing requirements for distributed generation facilities, rather than authorize a power generation company to register any time after September 1, 2000.

SECTION 5. Amends Section 40.004(1), Utilities Code, to provide that except as specifically otherwise provided in this chapter, PUC has jurisdiction over municipally owned utilities to regulate the pricing of energy supplied by a distributed generation facility to a municipal utility, to the extent provided by Subchapter A (Alternative Energy Providers), Chapter 35 (Competition and Transmission Access in the Wholesale Market).

SECTION 6. Amends Section 41.004(1), Utilities Code, to provide that except as specifically otherwise provided in this chapter, PUC has jurisdiction over electric cooperatives to regulate the pricing of energy supplied by a distributed generation facility to an electric cooperative to the extent provided by Subchapter A, Chapter 35.

SECTION 7. Effective date: September 1, 2009.