

By: Coleman

H.B. No. 3706

A BILL TO BE ENTITLED

AN ACT

relating to the creation of a Tex Sun solar energy system rebate program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 39.905. GOAL FOR ENERGY EFFICIENCY.

(a) It is the goal of the legislature that:

(1) electric utilities will administer energy savings incentive programs in a market-neutral, nondiscriminatory manner but will not offer underlying competitive services;

(2) all customers, in all customer classes, have a choice of access to energy efficiency alternatives, solar electric incentives, and other choices from the market that allow each customer to reduce energy consumption, peak demand, or energy costs; and

(3) each electric utility and retail energy provider shall provide through targeted market transformation programs solar electric incentives to customers of retail electric providers and competitive energy service providers, including providers of solar electric systems, that are sufficient to acquire on-site solar electric generation systems under the TEXSUN Solar Electric Rebate Program. (a) In this section, "solar electric system" means a device that:

(1) uses solar resources to generate electricity;

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

1 kilowatts; and

2 (3) is installed with a five-year warranty against
3 breakdown or undue degradation.

4 (b) The commission shall ensure timely and reasonable cost
5 recovery through a nonbypassable distribution fee of 35 cents per
6 megawatt hour in year one of the program; 35 cents per megawatt hour
7 in year two of the program; 45 cents per megawatt hour in year three
8 of the program; 55 cents per megawatt hour in year four of the
9 program; and 65 cents per megawatt hour in year five of the program
10 for utility expenditures made to provide customer solar electric
11 rebates to meet the market transformation objectives of the TEXSUN
12 Solar Electric Rebate Program under 39.905.

13 (c) For the purposes of this section, a "low-income electric
14 customer" is an electric customer:

15 (1) whose household income is not more than 125
16 percent of the federal poverty guidelines; or

17 (2) in whose household resides a person who:

18 (A) receives food stamps from the Health and
19 Human Services Commission or medical assistance from a state agency
20 administering a part of the medical assistance program;

21 (B) receives federal housing assistance;

22 (C) has a child enrolled in the national school
23 lunch program for free or reduced-price lunches; or

24 (D) receives lifeline telephone service.

25 (d) The commission shall not impose the fee for the TEXSUN
26 program on a low-income electric customer, as defined by Subsection
27 (c) of this section.

1 (e) The commission shall not impose the fee for the TEXSUN
2 program on customers who receive service at transmission level, as
3 defined by the commission.

4 (f) The commission shall not impose a fee on the retail
5 electric customers of an electric cooperative or a municipally
6 owned utility regardless of whether the electric cooperative or
7 municipally owned utility has implemented customer choice.

8 (g) The commission shall provide oversight and adopt rules
9 and procedures to ensure a transmission and distribution utility
10 provides a market transformation incentive to a customer that
11 interconnects an eligible solar electric system to the utility's
12 transmission and distribution system. The program shall begin on
13 or before January 1, 2008, and the initial incentive offer shall be:

14 (1) \$4.50 per watt for a residential customer;

15 (2) \$4.00 per watt for a nonresidential customer that
16 installs a solar electric system with a generating capacity of not
17 more than 200 kilowatts; and

18 (3) \$3.50 per watt for a non-residential customer that
19 installs a solar electric system with a generating capacity of
20 greater than 200 kilowatts.

21 (h) The Commission shall calculate the amount of each
22 incentive offer based on the direct current rating of the system's
23 photovoltaic module multiplied by the efficiency of the direct
24 current to alternative current inverter. The Commission by rule
25 shall provide for the incentive offer to decline by an average rate
26 of 10 per cent each year of the market transformation incentive
27 program.

1 (i) The Commission by rule shall adopt mechanisms to ensure
2 that money allocated for this section is efficiently used. Each
3 fiscal biennium, the Commission shall attempt to allocate to the
4 TEXSUN program all amounts collected for purposes of this Section
5 under Section 39.905. Funds collected from the program under
6 Section 39.905 that are not used for market transformation purposes
7 shall be used for purposes of this section in the following fiscal
8 year.

9 (j) The commission shall hold a workshop twice a year for
10 interested parties for the purposes of determining if the incentive
11 offers are set at a level that encourages an efficient and steady
12 flow of customer investments in, and rate of interconnections of,
13 solar electric systems in Texas.

14 (k) The commission may increase or decrease the amount of
15 the incentive offers based on existing market conditions, including
16 changes to or the expiration of the federal solar investment tax
17 credit. The commission shall immediately reduce the amount of the
18 incentive offer by 10 percent if more than 50 percent of the money
19 projected to be collected under Section 39.905 for this section
20 during a program year is allocated in the first three months of that
21 program year. After the reduction of the incentive offer, the
22 commission shall initiate a meeting of stakeholders to determine if
23 an efficient and steady rate of installations of solar electric
24 systems is being maintained. A previous reduction of the incentive
25 offer must be considered when determining additional reductions of
26 the incentive offer.

27 (l) A transmission and distribution utility shall determine

1 the amounts allocated to provide incentives to residential and
2 nonresidential customers based on the percentage of funds collected
3 for this section under Section 39.905 from each class of customer.
4 Amounts allocated for incentives to one class of customers may not
5 be reallocated for incentives for another class of customers.

6 (m) A transmission and distribution utility may not
7 allocate more than five percent of the money collected under
8 Section 39.905 for this section to administer the TEXSUN incentive
9 program.

10 (n) The commission by rule shall adopt procedures for
11 requiring a transmission and distribution utility to submit an
12 annual report to the commission regarding the actions taken by the
13 transmission and distribution utility to comply with the rules
14 adopted by the commission under Subsection (f). The report must
15 include:

16 (1) the total amount of money available to the utility
17 under this section;

18 (2) the number of solar rebates allocated by the
19 utility;

20 (3) the total amount of money allocated by the utility
21 for solar rebates; and

22 (4) the cumulative generation capacity from installed
23 solar energy systems.

24 (o) This section expires December 31, 2012

25 (4)—(3) each electric utility will provide, through
26 market-based standard offer programs or limited, targeted,
27 market-transformation programs, incentives sufficient for retail

1 electric providers and competitive energy service providers to
2 acquire additional cost-effective energy efficiency equivalent to
3 at least 10 percent of the electric utility's annual growth in
4 demand.

5 SECTION 2. Sec. 39.9032. INTERCONNECTION OF DISTRIBUTED
6 RENEWABLE GENERATION. (a) In this section:

7 (1) "Distributed renewable generation" means electric
8 generation with a capacity of not more than 2,000 kilowatts
9 provided by a renewable energy technology, as defined by Section
10 39.904, that is installed on a retail electric customer's side of
11 the meter.

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

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

18 (4) "Net electricity" means the difference in meter
19 registration between in-flowing and out-flowing electricity moving
20 across a bidirectional meter, or an equivalent meter, during a
21 billing period.

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

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

27 (2) the rated capacity of the distributed renewable

1 generation does not exceed the service entrance capacity.

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

9 (d) The commission by rule shall establish safety,
10 technical, and performance standards for distributed renewable
11 generation that may be interconnected. In adopting the rules, the
12 commission shall consider standards published by the Underwriters
13 Laboratories, the National Electric Code, the National Electric
14 Safety Code, and the Institute of Electrical and Electronics
15 Engineers.

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

23 (f) A transmission and distribution utility or electric
24 utility shall offer interconnection of distributed renewable
25 generation with a single bidirectional meter. An alternative meter
26 that has an outcome equivalent of a single bidirectional meter may
27 be installed if a bidirectional meter is unavailable or if the

1 transmission and distribution utility or electric utility and the
2 distributed renewable generation owner agree to the installation of
3 the alternative meter. A transmission and distribution utility or
4 electric utility shall supply and install the meter at no cost to
5 the distributed renewable generation owner. The distributed
6 renewable generation owner is responsible for the cost of any meter
7 changes made subsequently.

8 (g) A transmission and distribution utility, electric
9 utility, or retail electric provider shall credit to the account of
10 the distributed renewable generation owner the retail value of the
11 kilowatt-hours of electricity generated in excess of the amount of
12 kilowatt-hours of electricity supplied to a distributed renewable
13 generation owner during the billing period. A credit applied to an
14 account during a billing period may be carried over to subsequent
15 billing periods until the credit has been redeemed. A credit
16 applied to an account may not be redeemed for cash and expires on
17 the date a distributed renewable generation owner terminates an
18 agreement for electric service with the transmission and
19 distribution utility, electric utility, or retail electric
20 provider, but only in relation to the account terminated.

21 (h) A transmission and distribution utility, electric
22 utility, or retail electric provider may charge the distributed
23 renewable generation owner for the net electricity supplied during
24 the billing period only if the amount of electricity supplied
25 exceeds the amount of electricity provided by the distributed
26 renewable generation owner.

27 (i) A transmission and distribution utility, electric

1 utility, or retail electric provider shall charge a distributed
2 renewable generation owner for the net electricity supplied at the
3 same rate applicable to service provided to other customers in the
4 same service class. A transmission and distribution utility,
5 electric utility, or retail electric provider may not charge a
6 distributed renewable generation owner a fee or charge that would
7 increase the distributed renewable generation owner's minimum
8 monthly charge to an amount greater than that of other customers in
9 the same rate class.

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

16 SECTION 3. (a) Except as provided by Subsection (b) of this
17 section, this Act takes effect September 1, 2007.

18 (b) Section 39.9032, Utilities Code, as added by this Act,
19 takes effect January 1, 2009.