

1-1 By: Ogden S.B. No. 2349
1-2 (In the Senate - Filed March 13, 2009; March 31, 2009, read
1-3 first time and referred to Committee on Business and Commerce;
1-4 April 24, 2009, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 6, Nays 0; April 24, 2009,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 2349 By: Watson

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to distributed generation of electric power by natural gas
1-11 powered generation facilities.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 31.002, Utilities Code, is amended by
1-14 adding Subdivision (4-a) and amending Subdivision (10) to read as
1-15 follows:

1-16 (4-a) "Distributed natural gas generation facility"
1-17 means a facility installed on the customer's side of the meter that
1-18 is used for the generation of not more than 2,000 kilowatts of
1-19 electricity.

1-20 (10) "Power generation company" means a person,
1-21 including a person who owns or operates a distributed natural gas
1-22 generation facility, that:

1-23 (A) generates electricity that is intended to be
1-24 sold at wholesale;

1-25 (B) does not own a transmission or distribution
1-26 facility in this state other than an essential interconnecting
1-27 facility, a facility not dedicated to public use, or a facility
1-28 otherwise excluded from the definition of "electric utility" under
1-29 this section; and

1-30 (C) does not have a certificated service area,
1-31 although its affiliated electric utility or transmission and
1-32 distribution utility may have a certificated service area.

1-33 SECTION 2. The heading to Subchapter B, Chapter 35,
1-34 Utilities Code, is amended to read as follows:

1-35 SUBCHAPTER B. EXEMPT WHOLESALE GENERATORS, DISTRIBUTED NATURAL GAS
1-36 GENERATION FACILITIES, AND POWER MARKETERS

1-37 SECTION 3. Subchapter B, Chapter 35, Utilities Code, is
1-38 amended by adding Section 35.036 to read as follows:

1-39 Sec. 35.036. DISTRIBUTED NATURAL GAS GENERATION
1-40 FACILITIES. (a) A person who owns or operates a distributed
1-41 natural gas generation facility may sell electric power generated
1-42 by the facility. The electric utility, electric cooperative, or
1-43 retail electric provider that provides retail electricity service
1-44 to the facility shall:

1-45 (1) purchase electric power tendered to it by the
1-46 owner or operator of the facility at a fair market value price; or

1-47 (2) allow the owner or operator of the facility to use
1-48 the transmission and distribution facilities to transmit the
1-49 electric power to another market that is acceptable to the owner or
1-50 operator in accordance with commission rules.

1-51 (b) A distributed natural gas generation facility must
1-52 comply with emissions limitations established by the Texas
1-53 Commission on Environmental Quality for a standard emissions permit
1-54 for an electric generation facility unit installed after January 1,
1-55 1995.

1-56 SECTION 4. Subsection (c), Section 39.351, Utilities Code,
1-57 is amended to read as follows:

1-58 (c) The commission may establish simplified filing
1-59 requirements for distributed natural gas generation facilities [A
1-60 power generation company may register any time after September 1,
1-61 2000].

1-62 SECTION 5. This Act takes effect September 1, 2009.

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