

BILL ANALYSIS

S.B. 1230
By: Estes
State Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Combined heating and power plants provide customers with an efficient, green, and secure source of power and thermal energy commodities, such as steam and chilled water. While conventional boilers and chillers typically discharge waste heat into the atmosphere, combined heat and power plants recycle waste heat to produce additional energy commodities. Combined heating and power plants generally require less fuel to produce energy than conventional boilers and chillers and avoid transmission and distribution losses that occur when electricity travels over power lines.

S.B. 1230 seeks to promote the use of more secure and efficient energy sources by authorizing the construction and operation of combined heating and power facilities in certain municipalities.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 1230 amends the Local Government Code to authorize a home-rule municipality that has a population greater than 100,000, owns and operates an electric utility that is a member of a municipal power agency, and is located in a county adjacent to a county with a population greater than two million to buy, own, construct, maintain, and operate a combined heating and power system or plant and related infrastructure. The bill establishes that to the extent the bill's provisions conflict with a municipal charter provision, the bill's provisions control.

S.B. 1230 authorizes the governing body of the municipality to designate a combined heating and power economic development district that includes territory that is within three miles of the combined heating and power plant, is wholly located within the corporate boundaries of the municipality, and does not have an interstate or federal highway located within the boundaries of the district on the date the territory is designated.

S.B. 1230 authorizes the municipality to sell an energy commodity from the system or plant, including electricity, chilled water, steam, or gas. The bill authorizes the municipality to sell gas only to industrial customers located in the combined heating and power economic development district. The bill requires the municipality to assess fees against a municipal entity selling gas to industrial customers in the combined heating and power economic district that are substantially the same as the fees assessed against a gas utility that is not owned by the municipality for occupation of a municipal right-of-way.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.