

BILL ANALYSIS

C.S.S.B. 1910
By: Rodriguez
State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been determined that a certain investor-owned electric utility operating in portions of Texas, outside of the Electric Reliability Council of Texas but within the Western Electricity Coordinating Council, is not ready to support electric utility competition. The purpose of C.S.S.B. 1910, among other provisions, is to provide statutory postponement of the introduction of retail electric competition in the Western Electricity Coordinating Council service area; to provide this electric utility with the necessary certainty to make long-term commitments and assure cost-of-service rates for electric consumers in the utility's service territory until retail electric competition is introduced in the area; to provide for the interconnection and reliability of the utility's system; and to address metering and purchase of generation by certain distributed generation facilities.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 of this bill.

ANALYSIS

C.S.S.B. 1910 amends the Utilities Code to set out regulatory provisions relating to the delay of the transition to competition in the Western Electricity Coordinating Council service area and to net metering and energy efficiency goals and programs for utilities in that area that are applicable only to an investor-owned electric utility that is operating solely outside of the Electric Reliability Council of Texas (ERCOT) in areas of Texas that were included in the Western Electricity Coordinating Council on January 1, 2011; that was not affiliated with ERCOT on January 1, 2011; and that is not subject to provisions of law applicable to certain other non-ERCOT utilities. The bill sets out legislative findings relating to the introduction of retail competition for such a utility.

C.S.S.B. 1910 specifies that until the date on which an electric utility subject to the bill's provisions is authorized by the Public Utility Commission of Texas (PUC) to implement retail customer choice, the rates of the utility are subject to regulation under provisions of law relating to electric utility rates. The bill makes provisions of law relating to the restructuring of the electric utility industry, other than the bill's provisions and provisions relating to the state's goals for renewable energy and energy efficiency, inapplicable to an electric utility subject to the bill's provisions until the date on which the utility implements customer choice.

C.S.S.B. 1910 establishes a sequence of five stages, with each stage prescribing events that are required to be followed to introduce retail competition in the service area of an electric utility subject to the bill's provisions. The bill requires the PUC to ensure that the listed items in each stage are completed before the next stage is initiated and, unless stated otherwise, to conduct each activity with the electric utility and other interested parties. The bill authorizes the PUC, if the PUC finds good cause, to modify the sequence of events required by each of the first four stages of the transition to competition and prohibits the PUC from modifying the substance of

the requirements. The bill prohibits full retail competition from beginning in the service area of an applicable electric utility until all actions prescribed by the bill's provisions relating to transition to competition are completed.

C.S.S.B. 1910 authorizes a distributed renewable generation owner in the service area of an electric utility subject to the bill's provisions to request interconnection by filing an application for interconnection with the utility. The bill makes such an application subject to the utility's safety and reliability requirements and requires the utility's procedures for the submission and processing of such an application to be consistent with rules adopted by the PUC regarding interconnection. The bill requires an electric utility that approves such an application to install, maintain, and retain ownership of the meter and metering equipment and authorizes the utility to install load research metering equipment on the premises of the owner, at no expense to the owner.

C.S.S.B. 1910 requires a distributed renewable generation owner, at the request of an electric utility that approves the owner's application for interconnection, to provide and install a meter socket, a metering cabinet, or both a socket and cabinet at a location designated by the utility on the premises of the owner and to provide, at no expense to the utility, a suitable location for the utility to install meters and equipment associated with billing and load research.

C.S.S.B. 1910 requires an electric utility that approves a distributed renewable generation owner's application for interconnection to provide to the owner certain metering options prescribed by law and an option to interconnect with the utility through a single meter that runs forward and backward if the owner intends to interconnect the distributed renewable generation at an apartment house occupied by low-income elderly tenants under specified conditions, or the owner has a qualifying facility with a design capacity of not more than 50 kilowatts; and if the distributed renewable generation or qualifying facility that is the subject of the application is rated to produce a certain amount of electricity.

C.S.S.B. 1910 establishes, for a distributed renewable generation owner that chooses interconnection through a single meter, that the amount of electricity the owner generates through distributed renewable generation or a qualifying facility for a given billing period offsets the owner's consumption for that billing period. The bill requires any electricity such an owner generates through distributed renewable generation or a qualifying facility that exceeds the owner's consumption for a given billing period to be credited to the owner under the bill's provisions.

C.S.S.B. 1910 requires an electric utility that purchases surplus electricity to purchase the electricity from the distributed renewable generation owner at the cost of the utility as determined by PUC rule. The bill requires the utility to take reasonable steps to inform the owner of the amount of surplus electricity purchased from the owner in kilowatt hours during the owner's most recent billing cycle. The bill authorizes a credit balance of not more than \$50 on the owner's monthly bill to be carried forward onto the owner's next monthly bill. The bill requires the utility to refund to the owner a credit balance that is not carried forward or the portion of a credit balance that exceeds \$50 if the credit balance is carried forward.

C.S.S.B. 1910 requires the PUC, in a base rate proceeding or fuel cost recovery proceeding conducted under provisions of law relating to electric utility rates, to ensure that any additional cost associated with the metering and payment options described by the bill's provisions is allocated only to customer classes that include distributed renewable generation owners who have chosen those metering options. The bill authorizes an electric utility subject to the bill's provisions to market an energy efficiency or renewable energy program directly to a retail electric customer in its service territory and to provide rebate or incentive funds directly to a customer to promote or facilitate the success of programs implemented under the state's goal for energy efficiency.

C.S.S.B. 1910 defines, for purposes of its provisions relating to the interconnection of distributed renewable generation, "distributed renewable generation owner" and provides for the meanings of "distributed renewable generation" and "interconnection" by reference.

EFFECTIVE DATE

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

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.S.B. 1910 differs from the original by defining "distributed renewable generation owner" to mean an owner of distributed renewable generation that is a retail electric customer, whereas the original provides for the meaning of the term to include any owner of distributed renewable generation and references a retail customer in its provisions relating to the interconnection of distributed renewable generation.

C.S.S.B. 1910 differs from the original, in the provision authorizing a distributed renewable generation owner to request interconnection, by limiting that authority to a distributed renewable generation owner in the service area of an electric utility subject to the bill's provisions, whereas the original contains no such limitation.

C.S.S.B. 1910 differs from the original by making the requirements established under the substitute's provisions for an electric utility relating to interconnection of distributed renewable generation contingent on the electric utility's approval of the application for interconnection, whereas the original contains no such contingency.

C.S.S.B. 1910 differs from the original, in provisions setting out requirements for the installation of metering equipment, by requiring the distributed renewable generation owner, at the request of an electric utility that approves the owner's application for interconnection, to meet those requirements, whereas the original makes these requirements applicable to a retail customer.

C.S.S.B. 1910 differs from the original, in the provision relating to the purchase of surplus electricity by an electric utility, by requiring the utility to refund to an owner a credit balance that is not carried forward onto the owner's next monthly bill or the portion of a credit balance that exceeds \$50 if the credit balance is carried forward, whereas the original requires the utility to provide a refund of the credit balance at the time the credit exceeds \$50.

C.S.S.B. 1910 contains a provision not included in the original requiring the Public Utility Commission of Texas, in a base rate proceeding or fuel cost recovery proceeding, to ensure that any additional cost associated with certain metering and payment options is allocated only to customer classes that include distributed renewable generation owners who have chosen those metering options.

C.S.S.B. 1910 differs from the original in nonsubstantive ways reflecting certain bill drafting conventions.