

By: Carona

S.B. No. 981

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of distributed generation of electricity.

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

SECTION 1. Subchapter Z, Chapter 39, Utilities Code, is amended by adding Section 39.917 to read as follows:

Sec. 39.917. REGULATION OF CERTAIN DISTRIBUTED GENERATION.

(a) In this section:

(1) "Distributed generation" means electric generation with a capacity of not more than 2,000 kilowatts that is installed on a retail electric customer's side of the meter.

(2) "Distributed generation owner" means:

(A) the owner of distributed generation; or

(B) a retail electric customer who contracts with another person to finance, install, or maintain distributed generation on the customer's side of the meter, regardless of whether the customer takes ownership of the installed distributed generation.

(b) If, at the time distributed generation is installed on a retail electric customer's side of the meter, the estimated annual amount of electric energy to be produced by the distributed generation is less than or equal to the customer's estimated annual electric energy consumption, the commission may not consider the distributed generation owner to be a power generation company or

1 require the distributed generation owner to register as a power
2 generation company.

3 (c) The commission may not consider a person who contracts
4 with a retail electric customer to finance, install, or maintain
5 distributed generation on the customer's side of the meter, as
6 described by Subsection(a)(2), to be an electric utility, a power
7 generation company, or a retail electric provider.

8 (d) The commission by rule shall provide for the
9 interconnection of distributed generation, including the sale of
10 surplus electricity generated by distributed generation
11 facilities.

12 SECTION 2. (a) The Public Utility Commission of Texas
13 shall conduct a study to determine the effect of net metering and to
14 assess and compare the effect of alternative:

15 (1) methodologies of determining a fair market value
16 or greater price for surplus electricity generated by distributed
17 renewable generation; and

18 (2) methods of compensating an owner for surplus
19 electricity generated by distributed renewable generation,
20 including a method by which a credit is applied to the owner's
21 account that may be redeemed on the owner's current or subsequent
22 bill.

23 (b) The methodologies assessed and compared in the study
24 conducted under Subsection (a)(1) must include methodologies by
25 which fair market value is based on:

26 (1) the local market clearing price for energy at the
27 time of day the surplus electricity is made available to the grid or

1 a monthly or longer proxy for the market clearing price; or

2 (2) avoided capacity costs, avoided transmission and
3 distribution costs, avoided system losses, avoided ancillary
4 service costs, hedging value, market price impacts, effects on
5 reliability, avoided air emissions, or any other factor effected by
6 the use of surplus electricity generated by distributed renewable
7 generation.

8 (c) The commission shall report its findings from the study
9 conducted under this section to the legislature not later than
10 September 1, 2012.

11 SECTION 3. This Act takes effect September 1, 2011.