

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**March 21, 2011**

**TO:** Honorable John Carona, Chair, Senate Committee on Business & Commerce

**FROM:** John S O'Brien, Director, Legislative Budget Board

**IN RE: SB981** by Carona (Relating to the regulation of distributed generation of electricity.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB981, As Introduced: a negative impact of (\$200,000) through the biennium ending August 31, 2013.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2012	(\$200,000)
2013	\$0
2014	\$0
2015	\$0
2016	\$0

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable (Cost) from General Revenue Fund 1</b>
2012	(\$200,000)
2013	\$0
2014	\$0
2015	\$0
2016	\$0

**Fiscal Analysis**

The bill would amend the utilities code to define and make provisions for the interconnection of distributed generation facilities. The bill would require the Public Utility Commission (PUC) to adopt rules to implement the provisions of the bill. The bill would also require the PUC conduct a study to determine the effect of net metering, to assess methodologies of determining a fair market value or greater price for surplus electricity generated by distributed renewable generation, and compare alternative methods of compensating an owner for surplus electricity generated by distributed renewable generation. The bill also defines certain methodologies for determining fair market value that must be included in the study. The commission shall report its findings from the study not later than September 1, 2012.

The bill would take effect September 1, 2011.

## **Methodology**

According to the analysis submitted by the PUC, conducting the study required under the provisions of the bill would necessitate that the PUC hire a consultant to assist with the analysis. The PUC estimates that hiring a consultant for this purpose would require \$200,000 in Professional Fees and Services in fiscal year 2012. This estimate is based on the cost of past studies and the comparative complexity of the study required by this bill. Also, based on the analysis of the PUC, it is assumed that the rulemaking proceedings required by this bill could be accomplished utilizing existing resources.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 473 Public Utility Commission of Texas

**LBB Staff:** JOB, AG, MW, RAN