

By: Strama

H.B. No. 3584

A BILL TO BE ENTITLED

AN ACT

relating to rates charged and credits granted by certain electric utilities to retail customers with on-site solar generation capacity.

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

SECTION 1. Chapter 36, Utilities Code, is amended by adding Subchapter F to read as follows:

SUBCHAPTER F. RATES AND CREDITS FOR CERTAIN CUSTOMERS

WITH SOLAR GENERATION CAPACITY

Sec. 36.251. DEFINITIONS. In this subchapter:

(1) "Customer with solar generation capacity" means a retail customer who has solar electric generation capacity installed on the customer's side of the meter.

(2) "Utility" means a municipally owned utility, electric cooperative, or investor-owned vertically integrated utility that provides electric service to a retail customer and does not participate in customer choice.

Sec. 36.252. VALUE-OF-SOLAR-GENERATION RATES AND CREDITS AUTHORIZED. Notwithstanding any other provision of this title, a utility may elect to charge the utility's customers who have solar generation capacity according to a rate and credit mechanism as provided by this subchapter, and a regulatory authority shall provide a mechanism for approving a tariff for a utility that elects to provide for charges and credits in accordance with this

1 subchapter.

2 Sec. 36.253. VALUE-OF-SOLAR-GENERATION RATES AND CREDIT  
3 MECHANISM. (a) A utility that elects to employ the mechanism  
4 authorized by Section 36.252 may provide for a customer with solar  
5 generation capacity to have metered:

6 (1) all electricity consumed by the customer  
7 regardless of whether the electricity is delivered to the customer  
8 by the utility or is generated on-site by the customer's solar  
9 generation capacity; and

10 (2) all electricity generated on-site by the  
11 customer's solar generation capacity and consumed on-site or  
12 delivered to the distribution grid.

13 (b) For each billing period, the utility may charge a  
14 customer with solar generation capacity the same rates the utility  
15 charges the utility's other retail customers of the same class for  
16 all electricity consumed during that billing period, regardless of  
17 whether the electricity is delivered to the customer by the utility  
18 or is generated on-site by the customer's solar generation  
19 capacity.

20 (c) For each billing period, the utility shall grant a  
21 credit to a customer with solar generation capacity for the  
22 electricity generated on-site by the customer's solar generation  
23 capacity and consumed by the customer or delivered to the  
24 distribution grid according to the value-of-solar-generation rate  
25 computed under Section 36.254.

26 (d) Except as provided by Subsection (e), to the extent a  
27 credit granted to a customer for a billing period as provided by

1 Subsection (c) exceeds charges described by Subsection (b) for  
2 electricity consumed by the customer during that billing period,  
3 the utility must provide for the credit to carry forward as a credit  
4 against charges for electricity consumed for subsequent billing  
5 periods.

6 (e) The utility may provide for a credit granted as provided  
7 by Subsection (c) to expire at the end of the last billing period  
8 that ends before December 31 of the calendar year in which the  
9 credit is granted.

10 Sec. 36.254. COMPUTATION OF VALUE-OF-SOLAR-GENERATION  
11 RATE. (a) Annually, or at the time the utility makes adjustments in  
12 its fuel factor for ratemaking purposes, a utility that elects to  
13 employ the mechanism provided by Section 36.253 must compute a  
14 value-of-solar-generation rate in accordance with this section  
15 and, if applicable, in accordance with rules of the regulatory  
16 authority. The computed rate must represent the reasonably  
17 approximate value to the utility per unit of solar energy generated  
18 in the distribution grid at or near the point of consumption so that  
19 the price is equal to what the utility would charge to provide the  
20 energy considering equivalent costs, equivalent cost savings, and  
21 other reasonably quantifiable benefits at the same point in the  
22 distribution system.

23 (b) In determining the rate under Subsection (a), the  
24 utility shall consider at least the following factors:

25 (1) the rate charged on delivery for solar energy  
26 generated in the distribution grid;

27 (2) any avoided costs of purchased power, generation,

1 generating capacity, transmission and distribution capacity, and  
2 transmission and distribution losses that otherwise would be  
3 necessary to provide electricity equivalent to the solar-generated  
4 electricity;

5 (3) the environmental value of the on-site solar  
6 generation as compared to other generation by the utility's  
7 generating facilities, including considerations of fuel waste  
8 disposal costs, air pollution control costs, and any premium  
9 charged for customers who choose a rate option for environmentally  
10 friendly electric service products; and

11 (4) the net long-term resource value, represented by  
12 the present value of a 30-year stream of distributed solar  
13 generation to:

14 (A) the utility;

15 (B) the utility's customers; and

16 (C) the community at large, to the extent that  
17 value may be reasonably and conservatively quantifiable after  
18 consideration of:

19 (i) avoided external costs such as reduced  
20 health care costs; and

21 (ii) non-price benefits such as improved  
22 comfort and improved aesthetics.

23 Sec. 36.255. RECOVERY OF SPECIAL COSTS. (a) Subject to  
24 applicable rules of a regulatory authority, a utility that elects  
25 to employ the mechanism provided by Section 36.253 may provide for a  
26 mechanism to recover from a customer with solar generation capacity  
27 special costs the utility incurs for equipment, metering, or

1 billing necessary to accommodate the customer's on-site  
2 generation.

3 (b) To the extent credits granted under Section 36.253(c)  
4 create a loss of revenue to the utility, and subject to applicable  
5 rules of a regulatory authority, the utility may provide for a cost  
6 recovery adjustment as necessary to cover incremental losses.

7 SECTION 2. This Act takes effect September 1, 2013.