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A BILL TO BE ENTITLED

AN ACT

relating to on-site distributed generation and energy storage resources.

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

SECTION 1.  Subtitle C, Title 5, Business & Commerce Code, is amended by adding Chapter 113 to read as follows:

CHAPTER 113. SALES AND LEASING OF ON-SITE DISTRIBUTED GENERATION RESOURCES

Sec. 113.001.  DEFINITIONS. In this chapter:

(1)  "Distributed generation" has the meaning assigned by Section 39.1015(a), Utilities Code.

(2)  "Small commercial customer" has the meaning assigned by Section 39.202(o), Utilities Code.

Sec. 113.002.  APPLICABILITY. This chapter applies to a seller or lessor of on-site distributed generation resources.

Sec. 113.003.  LEASE, SALES, AND INSTALLATION DISCLOSURES. A seller or lessor who enters into a purchase, lease, or power purchase agreement with a residential or small commercial customer for the operation of an on-site distributed generation resource shall provide to the customer in writing:

(1)  contact information of the salesperson and installer of the generation resource;

(2)  a description of the generation resource, including all associated equipment to be installed;

(3)  the cost of the generation resource, including all associated equipment to be installed;

(4)  a detailed accounting of fees associated with the installation or operation of the generation resource;

(5)  representations made as part of the agreement regarding the expected operational performance and financial performance of the generation resource; and

(6)  all applicable warranties.

Sec. 113.004.  ADDITIONAL DISCLOSURES FOR LEASE AGREEMENTS. In addition to the disclosures required under Section 113.003, a lessor shall provide to a leasing residential or small commercial customer in writing:

(1)  the term and rate of the lease, including any payment escalators or other terms that affect the customer's payments; and

(2)  a statement of whether the lease and any applicable warranty or maintenance agreement is transferable to the purchaser of the property where the on-site distributed generation resource is installed.

Sec. 113.005.  ADDITIONAL DISCLOSURES FOR POWER PURCHASE AGREEMENTS. In addition to the disclosures required under Section 113.003, a residential or small commercial customer who enters into a power purchase agreement is entitled to receive in writing:

(1)  the term and rate of the power purchase agreement, including any payment escalators or other terms that affect the customer's payments; and

(2)  whether the power purchase agreement and any applicable warranty or maintenance agreement is transferable to the purchaser of the property where the on-site distributed generation resource is installed.

SECTION 2.  Chapter 229, Local Government Code, is amended by adding Subchapter C to read as follows:

SUBCHAPTER C. REGULATION OF SOLAR ENERGY DEVICES

Sec. 229.101.  REGULATION OF SOLAR ENERGY DEVICES. (a) In this section:

(1)  "Small commercial customer" has the meaning assigned by Section 39.202(o), Utilities Code.

(2)  "Solar energy device" has the meaning assigned by Section 171.107, Tax Code.

(b)  A municipality may prohibit a residential or small commercial customer from installing a solar energy device only for a purpose for which a property owners' association may prohibit the installation under Section 202.010(d), Property Code.

SECTION 3.  The heading to Section 202.010, Property Code, is amended to read as follows:

Sec. 202.010.  REGULATION OF CERTAIN [~~SOLAR~~] ENERGY DEVICES.

SECTION 4.  Section 202.010(a), Property Code, is amended by adding Subdivision (3) to read as follows:

(3)  "Distributed generation" has the meaning assigned by Section 39.1015(a), Utilities Code.

SECTION 5.  Section 202.010, Property Code, is amended by adding Subsection (g) to read as follows:

(g)  A property owners' association may not include or enforce a provision in a dedicatory instrument that:

(1)  requires three or more inspections by the property owners' association of an on-site distributed generation or energy storage resource before the resource is operational;

(2)  is more onerous than interconnection rules adopted by the Public Utility Commission of Texas; or

(3)  imposes any inspection or approval requirements or changes more onerous than those required for a proposed modification or improvement of an owner's property that is unrelated to on-site distributed generation or energy storage.

SECTION 6.  Subchapter C, Chapter 39, Utilities Code, is amended by adding Section 39.1015 to read as follows:

Sec. 39.1015.  CONSUMER PROTECTIONS FOR CERTAIN ON-SITE ENERGY GENERATION AND STORAGE. (a) In this section, "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.

(b)  A residential or small commercial customer is entitled to have access to on-site distributed generation and energy storage resources to:

(1)  generate and export electricity to the grid;

(2)  consume electricity from the grid; and

(3)  reduce the customer's use of electricity from the grid.

(c)  A residential or small commercial customer is entitled to store energy at the location of the customer's connection to the grid.

(d)  A residential or small commercial customer that installs an on-site distributed generation or energy storage resource is entitled to timely approval of an interconnection agreement and interconnection of distributed generation or energy storage with the customer's transmission and distribution utility or electric utility in accordance with Section 39.554 or 39.916, as applicable. A residential or small commercial customer is entitled to timely approval of any permission to operate or any other approval required for the customer to use the customer's on-site distributed generation or energy storage resource.

(e)  A residential or small commercial customer is entitled to timely notice from the customer's transmission and distribution utility or electric utility of an improvement and the cost of the improvement to the distribution grid that must be made to allow the customer to install or expand existing on-site distributed generation or energy storage resources.

(f)  Except for a charge to recover a cost described by Subsection (e), an electric utility or a retail electric provider may not impose a rate or charge on a residential or small commercial customer or require a residential or small commercial customer to take service under a tariff or service plan that applies only to customers who have installed on-site distributed generation or energy storage resources.

(g)  An electric utility or a retail electric provider may not charge a residential or small commercial customer a fee solely because the customer elects to discontinue service from the utility or provider.

(h)  An electric utility may not charge a residential or small commercial customer with an on-site distributed generation or energy storage resource a fee to reconnect to the electric grid that is more than the fee charged to a customer in the same rate class who does not have an on-site distributed generation or energy storage resource, except the interconnection fee applicable to the original installation of the on-site distributed generation or energy storage resource.

(i)  A residential or small commercial customer is entitled to interconnect in a manner that allows the customer to receive power from the customer's on-site energy storage resource when the electric grid is not operating if the customer's on-site distributed generation resource is equipped with an inverter or other technology that complies with a standard developed by a federal agency or standards widely used by industry and other states that enables the on-site distributed generation resource to safely provide power to the customer when the electric grid is not operating.

SECTION 7.  The changes in law made by this Act apply to an agreement governing the sale or lease of a distributed generation system, as defined by Section 39.1015, Utilities Code, as added by this Act, entered into on or after the effective date of this Act. An agreement entered into before the effective date of this Act is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 8.  This Act takes effect September 1, 2019.