BILL ANALYSIS

Senate Research Center | H.B. 912
By: Moody (Blanco)
Business & Commerce
5/1/2025
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

For a non-ERCOT utility included in the Western Electricity Coordinating Council (El Paso Electric), interconnection and compensation of distributed renewable generation (DRG) systems are governed by Section 39.554 of the Utilities Code. This section outlines the procedures and requirements for DRG owners to connect their systems to the electric grid, specifically for the non-ERCOT area operated by El Paso Electric. Under the existing statute, DRG owners who opt for interconnection through a single meter that can measure both consumption and generation have their generated electricity offset against their consumption for the billing period. If the generation exceeds consumption, the surplus electricity is credited to the owner's account. The rate at which this surplus is credited is determined by the Public Utility Commission of Texas (PUC) through established rules. H.B. 912 aims to reinforce the PUC's authority to approve alternative methods for compensating DRG owners for the electricity they generate. Specifically, the bill seeks to ensure that, unless the PUC approves an alternative compensation method, the current statutory provisions for offsetting consumption and crediting surplus generation remain in effect. The PUC plays a pivotal role in overseeing and regulating the state's utilities to ensure reliable and reasonably priced electricity for all Texans. By granting the PUC explicit authority to approve alternative compensation methods for DRG owners, H.B. 912 aims to provide the commission with the flexibility to adapt to evolving energy landscapes and market conditions. This approach allows the PUC to tailor compensation structures that align with the state's energy policies and the interests of both consumers and El Paso Electric. H.B. 912 is designed to uphold the PUC's regulatory oversight in determining fair compensation mechanisms between distributed renewable generation owners and El Paso Electric.

H.B. 912 amends current law relating to the compensation of a distributed renewable generation owner in certain areas outside of ERCOT.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 39.554, Utilities Code, by amending Subsection (f) and adding Subsection (i), as follows:

> (f) Provides that, unless the Public Utility Commission of Texas (PUC) approves an alternative method for compensating a distributed renewable generation owner for electricity generated by distributed renewable generation or a qualifying facility, for a distributed renewable generation owner that chooses interconnection through a single meter under Subsection (e) (relating to requiring an electric utility that approves an application of a distributed renewable generation owner to provide to the owner certain metering options and an option to interconnect with the utility through a single meter that runs forward and backward if certain requirements are met), certain compensations are granted to the owner. Makes a nonsubstantive change.
>
> (i) Requires the PUC, before approving an alternative method for compensating a distributed renewable generation owner for electricity generated by distributed renewable

generation or a qualifying facility, to require the electric utility to conduct and submit to the PUC a comprehensive cost-benefit analysis using established best practices to justify the rates of compensation and any associated fees. Requires the PUC to consider the comprehensive cost-benefit analysis before approving alternative rates for compensating distributed renewable generation owners or the continuation of net metering, including any rates or fees that apply only to distributed renewable generation owners and reflect the value provided by the distributed renewable generation or qualifying facility.

SECTION 2. Effective date: September 1, 2026.