

## **BILL ANALYSIS**

Senate Research Center  
89R1749 ANG-F

S.B. 1003  
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Business & Commerce  
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As Filed

### **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.

S.B. 1003 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, S.B. 1003 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.

S.B. 1003 is designed to uphold the PUC's regulatory oversight in determining fair compensation mechanisms between distributed renewable generation owners and El Paso Electric.

As proposed, S.B. 1003 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(f), Utilities Code, as follows:

(f) Provides that, unless the Public Utility Commission of Texas 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.

SECTION 2. Effective date: September 1, 2025.