

- SUBJECT:** Sale of energy from certain cogeneration facilities
- COMMITTEE:** State Affairs — committee substitute recommended
- VOTE:** 11 ayes — Cook, Giddings, Craddick, Farrar, Frullo, Geren, Hilderbran, Huberty, Oliveira, Smithee, Sylvester Turner
- 0 nays
- 2 absent — Harless, Menéndez
- WITNESSES:** For — Paul Cauduro and Tommy John, Texas Combined Heat and Power Initiative (*Registered, but did not testify*: Raymond Deyoe, Integral Power LLC; Gene Fisseler, NRG Energy; Adam Haynes, Chesapeake Energy; Rich Herweck, Texas Combined Heat and Power Initiative; David Weinberg, Texas League of Conservation Voters)
- Against — None
- On — (*Registered, but did not testify*: Bryan Kelly, Public Utility Commission; Chad Seely, Electric Reliability Council of Texas)
- BACKGROUND:** A cogeneration facility is a facility, often at large industrial plant such as a petrochemical complex, that produces electricity and another form of useful thermal energy (such as heat or steam) in a way that is more efficient than the separate production of both forms of energy.
- DIGEST:** CSHB 2049 would allow a qualifying cogenerator, as defined under federal law, to sell electric energy at retail to more than one purchaser of the cogenerator's thermal output.
- The cogenerator would not be subject to regulation as a retail electric utility or power generation company if certain conditions were met. The transmission facilities used to provide electricity necessary to serve the purchasers of the thermal output could not extend beyond the site of any thermal purchaser, and would have to be owned by the qualifying cogenerator, the thermal purchaser, or an affiliate of these entities.
- CSHB 2049 states that the limitation on the sale of electricity would not

apply to the sale of wholesale electricity.

CSHB 2049 also would not apply to a municipally owned utility or an electric cooperative providing service to an area where competition had not been introduced.

CSHB would take effect September 1, 2013.

NOTES:

The author intends to offer an amendment to clarify some language in the bill.