

## BILL ANALYSIS

Senate Research Center  
78R7958 T

S.B. 1561  
By: Madla  
Natural Resources  
3/26/2003  
As Filed

### DIGEST AND PURPOSE

Current law fails to cover the technical and insurance provisions of a customer whose electric meter is connected to distributed renewable generation (DRG). As proposed, S.B. 1561 sets forth the intent that 50 megawatts of distributed renewable generation (DRG) capacity be installed in Texas by 2009; provides that DRG be certified and eligible for Texas renewable energy credits (RECs); requires DRG to be eligible for tax credits in the State Clean Air implementation plan; requires all electric providers to be offered net billing to customer that install DRG, but without monetary compensation to the customer for excess generation; requires all DRG to comply with recognized electrical standards; requires the Texas Department of Insurance to develop rules in order to implement insurance coverage for DRG; requires all electric providers requested to provide a line extension to a customer's premises and provide information about DRG technology.

### RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Department of Insurance in SECTION 1 (Article 21.30, Insurance Code) of this bill.

### SECTION BY SECTION ANALYSIS

#### SECTION 1. DISTRIBUTED RENEWABLE ENERGY GENERATION.

(a) GOAL. Amends Chapter 39Z, Utilities Code, by adding Section 39.910, as follows:

Sec. 39.910. GOAL FOR DISTRIBUTED RENEWABLE GENERATION. (a) Defines "renewable energy technology" and "distributed renewable generation (DRG)."

(b) Provides that it is the intent of the legislature that by January 1, 2009, 50 megawatts of DRG capacity will have been installed in Texas. Requires the cumulative total of installed DRG capacity in Texas to total 10 megawatts by January 1, 2005, with DRG capacity increasing by 10 megawatts per year through January 1, 2009.

(c) Provides that under the Public Utility Commission's (PUC) existing renewable energy credits (RECs) trading program, competitive Retail Electric Providers (REPS) are to be required to purchase sufficient RECs from DRG to promote installation of DRG in the amount specified in this section. Authorizes REPS, starting in 2004, to recover cost of purchasing energy from DRG that exceeds the average cost of energy, including fuel, purchased from sources other than DRG in "DRG Cost Adjustment" in electric rates similar to other ERCOT assessments.

(d) Requires DRG to be eligible for tax credits in the State Clean Air Implementation plan due to reduction in nitrogen oxides (NOX).

(b) INTERCONNECTION. Amends Chapter 39Z, Utilities Code, by adding Section 39.911, as follows:

Sec. 39.911. INTERCONNECTION FOR DISTRIBUTED RENEWABLE

GENERATION. (a) Requires all price to beat retail electric providers, transmission and distribution utilities, electric utilities, municipal utilities, river authorities, competitive retailers, and electric cooperatives to offer net billing through a bi-directional single meter to customers that install DRG;

(b) Requires meters with DRG to be allowed to accrue generation, provided however, that monetary compensation for excess generation netted into the utility grid are not required. Requires any standby fees imposed to be cost based;

(c) Requires compliance with recognized standards published by Underwriters Laboratories (UL) to constitute compliance with standards for equipment to interface DRG with the electric grid;

(d) Requires compliance with recognized standards published by the National Electrical Code (NEC), the National Electric Safety Code (NESC), and the Institute of Electrical and Electronics Engineers (IEEE), to guarantee compliance with utility interconnection standards with DRG;

(c) INSURANCE. Amends Chapter 21E, Insurance Code, by adding Article 21.30, as follows:

Art. 21.30. INSURANCE FOR DISTRIBUTED RENEWABLE ENERGY

GENERATION. Requires the State Department of Insurance, within 120 days from the date this bill is signed into law, to develop rules for an appropriate, affordable and non-discriminatory rider to standard homeowners liability insurance to suffice for insurance coverage required for retail customers connecting DRG to the utility grid. Requires an insurance rider to be offered by all sellers of insurance in Texas.

(d) NOTIFICATION. Amends Chapter 39Z, Utilities Code, by adding Section 39.912, as follows:

Sec. 39.912. NOTIFICATION OF RENEWABLE ENERGY GENERATION AS AN OPTION. Requires an electric utility, price to beat retail electric provider, transmission and distribution utility, municipal utility, river authority, competitive retailer, or electric cooperative to provide a line extension to or on the customer's premises and the electric utility, price to beat retail electric provider, transmission and distribution utility, municipal utility, river authority, competitive retailer, or electric cooperative to require that customer to pay a Contribution in Aid to Construction (CIAC), a prepayment, or sign a contract with a term of one year or longer, the electric utility, price to beat retail electric provider, transmission and distribution utility, municipal utility, river authority, competitive retailer, or electric cooperative to provide the customer with information about on-site distributed renewable generation technology alternatives. Requires the information to comply with guidelines established by PUC, and to be provided to the customer at the time the estimate of the CIAC or prepayment is given to the customer. Requires, if no CIAC or prepayment is required, the information to be given to the customer before a contract is signed. Provides that the information is intended to educate the customer on alternate options that are available.

SECTION 2. Effective date: upon passage or September 1, 2003.