

BILL ANALYSIS

Senate Research Center
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S.B. 981
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Distributed generation is electricity produced on-site and connected to the utility distribution system. Recent technological advances make distributed generation more affordable and desirable than ever before, but statewide policies do not exist for classification of distributed generation. Statute is unclear or does not address provisions for small scale distributed generators—for example, whether these entities should be considered power generators even though they do not participate in the energy market like large power producers. Furthermore, current statute does not address whether distributed generators are required to register with the Public Utility Commission of Texas (PUC) even though they typically produce less than a megawatt of energy. S.B. 981 seeks to clarify these requirements so that those distributed generators that produce less than two megawatts of energy, and annually consume and produce relatively the same amount of energy are not considered a power generating company, utility, or retail electric provider and are not required to register with the PUC.

Current law does not address the classification or registration requirements for distributed generation owners.

As proposed, S.B. 981 amends current law relating to the regulation of distributed generation of electricity.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 (Section 39.917, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter Z, Chapter 39, Utilities Code, by adding Section 39.917, as follows:

Sec. 39.917. REGULATION OF CERTAIN DISTRIBUTED GENERATION. (a) Defines "distributed generation" and "distributed generation owner" in this section.

(b) Prohibits the Public Utility Commission of Texas (PUC) from considering the distributed generation owner to be a power generation company or require the distributed generation owner to register as a power generation company if, at the time distributed generation is installed on a retail electric customer's side of the meter, the estimated annual amount of electric energy to be produced by the distributed generation is less than or equal to the customer's estimated annual electric energy consumption.

(c) Prohibits PUC from considering a person who contracts with a retail electric customer to finance, install, or maintain distributed generation on the customer's side of the meter, as described by Subsection (a)(2), to be an electric utility, a power generation company, or a retail electric provider.

(d) Requires PUC by rule to provide for the interconnection of distributed generation, including the sale of surplus electricity generated by distributed generation facilities.

SECTION 2. (a) Requires PUC to conduct a study to determine the effect of net metering and to assess and compare the effect of alternative:

(1) methodologies of determining fair market value or a greater price for surplus electricity generated by distributed renewable generation; and

(2) owner for surplus electricity generated by distributed renewable generation.

(b) Requires that the methodologies assessed and compared in the study conducted under Subsection (a)(1) include methodologies by which fair market value is based on certain criteria set forth. Makes no further changes.

(c) Requires PUC to report its findings from the study conducted under this section to the legislature not later than September 1, 2012.

SECTION 3. Effective date: September 1, 2011.