

## **BILL ANALYSIS**

Senate Research Center  
82R16710 ALL-F

C.S.S.B. 981  
By: Carona  
Business & Commerce  
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Committee Report (Substituted)

### **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. C.S.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.

C.S.S.B. 981 amends current law relating to the regulation of distributed renewable generation of electricity.

### **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 39.916(a)(2), Utilities Code, to redefine "distributed renewable generation owner" in this section.

SECTION 2. Amends Section 39.916, Utilities Code, by adding Subsection (d-1), to prohibit the Public Utility Commission of Texas (PUC) from considering the distributed renewable generation owner to be a power generation company or requiring the distributed renewable generation owner to register as a power generation company if, at the time distributed renewable 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 renewable generation is less than or equal to the customer's estimated annual electric energy consumption.

SECTION 3. Amends Subchapter Z, Chapter 39, Utilities Code, by adding Section 39.917, as follows:

Sec. 39.917. **THIRD-PARTY PROVIDERS OF DISTRIBUTED RENEWABLE GENERATION.** Prohibits PUC from considering a person who contracts with a retail electric customer to finance, install, or maintain distributed renewable generation on the customer's side of the meter, as described by Section 39.916(a)(2), to be an electric utility, a power generation company, or a retail electric provider.

SECTION 4. Effective date: September 1, 2011.