

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1586
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Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law limits distributed renewable generation systems installed on any retail electric customer's side of the meter to 2,000 kilowatts regardless of the type of property the system is installed on. This size limit is fine for residential and small commercial operations, but can present problems for public entities like school districts, municipalities, and military installations that need systems that can meet their needs in a cost-effective manner.

Increasing pressure on school district and local government budgets dictates that local officials have as many options as possible to reduce costs. Reducing the cost of electricity is one of the most tangible ways for local governments to control costs. There are a number of distributed energy options available in the market, but limits on their size can prove problematic for public entities that want to maximize their cost savings. By allowing larger systems on public property, public entities can reduce their energy costs and free up valuable electric capacity needed to maintain the reliability of electric supply for the rest of the market.

C.S.S.B. 1586 amends current law relating to distributed renewable generation of electricity.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 3 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 39.916(a)(1), Utilities Code, as follows:

(1) Redefines, in this section, "distributed renewable generation" to mean electric generation provided by a renewable energy technology as defined by Section 39.904 (Goal for Renewable Energy):

(A) with a capacity of not more than 2,000 kilowatts that is installed on a retail electric customer's side of the meter:

(B) with a capacity of not more than five megawatts that is installed on a retail electric customer's side of the meter and is located on land or in a facility owned by this state or a school district; or

(C) with a capacity of not more than 10 megawatts that is installed on land or in a facility owned by the federal government.

SECTION 2. Amends Section 39.916(b), Utilities Code, as follows:

(b) Requires a transmission and distribution utility or electric utility to allow interconnection if:

(1) the distributed renewable generation to be interconnected has a five-year warranty against breakdown or undue degradation;

(2) the rated capacity of the distributed renewable generation does not exceed the transmission and distribution utility or electric utility service capacity; and

(3) for distributed renewable generation described by Subsection (a)(1)(B) or (C), the Public Utility Commission of Texas (PUC) has not made a finding that the interconnection of the generation will impair reliability or increase customer costs.

SECTION 3. Requires PUC, as soon as practicable after the effective date of this Act, to adopt and implement rules as necessary to accommodate the interconnection of distributed renewable generation described by Sections 39.916(a)(1)(B) and (C), Utilities Code, as added by this Act, to an electricity distribution system.

SECTION 4. Effective date: upon passage or September 1, 2013.