

Amend CSHB 3693 by adding the following sections, numbered appropriately, and renumbering the sections of the bill accordingly:

SECTION \_\_\_\_\_. Chapter 39, Utilities Code, is amended by adding Section 39.9051 to read as follows:

Sec. 39.9051. ENERGY EFFICIENCY DEMONSTRATION PROJECTS FOR SOLAR ELECTRIC SYSTEM; GRANT PROGRAM. (a) The commission by rule shall establish grant programs for:

(1) a demonstration project for installation of solar electric systems for new residential subdivisions;

(2) a demonstration project for installation of solar electric systems for new or established affordable housing for persons with low incomes; and

(3) a demonstration project for installation of solar electric systems for not more than three small businesses.

(b) To qualify for a grant under this section, the solar electric system must be a device that:

(1) generates electricity using solar resources;

(2) has a generating capacity of not more than 1,000 kilowatts; and

(3) is installed with a warranty against breakdown or undue degradation for a period of at least five years.

(c) A demonstration project grant program established under this section must provide for full or partial payment of the cost of equipment and installation for the solar electric systems. The commission shall establish for each grant program a competitive bidding process for grant applicants. The commission shall consider the value of funding demonstration projects in different parts of this state, after considering the demographic and geographic diversity of this state.

(d) To qualify for a grant under Subsection (a)(1) the applicant:

(1) must be a person whose primary business activity is the building of residential housing developments; and

(2) must have installed or must be contractually obligated to install qualifying solar electric systems in each residence constructed in a residential subdivision.

(e) To qualify for a grant under Subsection (a)(2) the applicant must have installed or be contractually obligated to install a qualifying solar electric system for residential real property:

(1) appraised in accordance with Section 23.21, Tax Code, as affordable housing property; or

(2) subject to a contractual obligation that the property will be appraised in accordance with Section 23.21, Tax Code, as affordable housing property within a reasonable time after the grant is received.

(f) To qualify for a grant under Subsection (a)(3), the applicant must be a small business or owner of a small business that meets qualifications adopted by the commission after consideration of federal Small Business Administration standards for qualification for loans from that administration.

(g) The commission shall issue a report to the governor, lieutenant governor, and speaker of the house of representatives not later than December 1 of each even-numbered year summarizing the status of the grant programs established under Subsection (a). The report must include the amount of money granted to each demonstration project and an evaluation of whether the projects demonstrate the economic and ecologic viability of solar electric system installations.

(h) This section expires December 31, 2010.

SECTION \_\_\_\_\_. (a) The Public Utility Commission of Texas may apply to a demonstration project grant program established under Section 39.9051, Utilities Code, as added by this Act, any money appropriated to the commission that may be used for that purpose.

(b) The Public Utility Commission of Texas may solicit and accepts gifts, grants, and other donations from any source to carry out the demonstration grant program established under Section 39.9051, Utilities Code, as added by this Act.

(c) Contingent on the passage and becoming law of **SB 482**, Acts of the 80th Legislature, Regular Session, 2007, or similar legislation that enacts a provision that establishes a fee on retail electric provider related to the number of customers the provider gains in a given period, notwithstanding any law

dedicating that fee revenue for a particular purpose, that fee revenue may be appropriated for use by the Public Utility Commission of Texas for a demonstration project grant program under Section 39.914, Utilities Code, as added by this Act.

(c) This section expires December 31, 2010.