

BILL ANALYSIS

C.S.S.B. 545
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Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In maintaining its role as the U.S. energy production capital, Texas has implemented renewable energy policies resulting in both more installation of wind-based electric generation than any other state and billions of dollars of investment in Texas. It is believed that the emerging solar industry could provide equal benefits if properly encouraged through programs creating consumer demand for solar installations, capacity goals, and rebates.

C.S.S.B. 545 provides incentives to the solar industry to encourage short-term demand to drive down long-term production costs while providing the capacity goal and rebates that help Texas attract investment by solar equipment manufacturers that will create manufacturing jobs.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Public Utility Commission of Texas (PUC) in SECTION 2 of this bill and to the State Energy Conservation Office (SECO) in SECTION 8 of this bill.

ANALYSIS

C.S.S.B. 545 provides for the establishment of a distributed and wholesale solar generation incentive program by the PUC. It provides that it is the goal of the legislature that electric utilities administer incentive programs for residential and commercial, and industrial customers to increase the amount of distributed and wholesale solar generation installed in Texas in a cost-effective, market-neutral, and nondiscriminatory manner and administered in a manner that creates employment opportunities for Texas residents to the greatest extent possible. The bill sets Texas generation capacity goals of 3,000 megawatts of solar generation capacity by 2020, with at least 1,000 megawatts of that being distributed renewable generation. The bill provides for the development, implementation, administration, terms, and conditions of the program and provides that the program applies to all electric utilities.

Among other provisions, C.S.S.B. 545 provides for rebates for solar installation and increases nonbypassable fees; provides terms, conditions, and limitations on those fees and rebates; provides for the lease or sell of output from distributed solar generation under certain terms and conditions; and directs PUC in consultation with the Electric Reliability Council of Texas to prepare and make available a study indicating those parts of Texas where utility-scale non-wind renewable energy can be located with minimal additional transmission facilities.

The bill provides that it is the goal of the legislature that municipally owned utilities and electric cooperatives administer incentive programs for residential and commercial customers to increase the amount of solar generation installed in Texas in a cost-effective, market-neutral, and nondiscriminatory manner; that their customers have access to certain solar incentives; that they spend funds in to increase solar generation at funding levels consistent with those for electric utilities under the program established above; provides for certain reporting requirements by municipally-owned utilities and electric cooperatives to SECO; provides that the goals and rules applicable to electric utilities do not prevent municipally-owned utilities and electric cooperatives from adopting, rules, programs, or incentives for the installation of more solar capacity than the goals established above; and authorizes a nonbypassable fee similar to those

authorized for electric utilities. The bill provides that the provisions apply only to certain electric cooperatives and municipally-owned utilities.

The bill provides that, with certain exceptions, a homeowners association may not include or enforce a dedicatory instrument provision that prohibits a property owner from installing a solar energy device and provides that a dedicatory instrument provision prohibited by the bill is void.

The bill requires that certain builders contracting to build a new house in a subdivision with more than 50 lots on which the builder has built or is offering to build new houses offer the installation of solar energy devices as an option for new home buyers.

The bill authorizes SECO to establish a revolving loan program to help schools and religious organizations install photovoltaic solar panels on and associated energy improvements to public school buildings and buildings owned by religious organizations. It authorizes SECO to allocate \$75 million to the program from federal economic stimulus money subject to the federal approval of the use of that money for the program. The bill provides for the development, implementation, administration, terms, and conditions of the program.

The bill defines the terms “distributed solar generation,” “owner of distributed solar generation,” “surplus electricity,” “solar energy device,” and religious organization.” The bill makes technical and conforming changes required by the provisions above.

EFFECTIVE DATE

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute removes references in the original to “utility-scale solar generation” and “energy storage” and makes conforming changes related to the removal of those provisions.

The substitute provides a specific megawatt goal by a date certain for distributed and wholesale solar generation that was not in the original. The substitute changed the amount of nonbypassable fees that may be charged. The substitute added criteria for determining priority of allocating rebates if demand exceeds funding and provisions favoring public school districts in the initial stages of the rebate program that were not in the original.

The substitute removed the original’s provisions related to net metering and makes conforming changes related to the removal of those provisions, including removal of provisions requiring customers to receive real time market price for exported energy and allows them to obtain other offers from renewable energy producers.

The substitute includes buildings owned by religious organizations in the revolving loan program operated by SECO; the original did not include those buildings. The substitute makes other technical and conforming changes.