

BILL ANALYSIS

Senate Research Center

S.B. 545
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas has been successful in establishing clean, efficient energy from renewable resources. This success is due in part to the implementation of the Renewable Portfolio Standard and the Renewable Energy Credit program, which Texas expanded in 2005. However, a much bigger driver was the relative size of the subsidies, including the federal production tax credit, which made our most abundant renewable resource, wind power, much more competitive with traditional resources. While these federal and state subsidies have facilitated the development of relatively less expensive wind power resources, and small amounts of landfill gas, municipal solid waste, and biomass energy, other forms of renewable energy have been unable to gain a foothold in the energy market. The lack of development of other renewable resources is mainly due to the extreme costs associated with other forms of renewable energy, such as solar energy.

As proposed, S.B. 545 provides for the establishment of a distributed solar generation incentive program by the Public Utility Commission of Texas.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 (Section 39.9155, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter Z, Chapter 39, Utilities Code, by adding Section 39.9155, as follows:

Sec. 39.9155. DISTRIBUTED SOLAR GENERATION INCENTIVE PROGRAM. (a) Provides that it is the goal of the legislature that electric utilities administer incentive programs for residential and commercial customers to increase the amount of distributed solar generation installed within the state in a cost-effective, market-neutral, and nondiscriminatory manner.

(b) Requires the Public Utility Commission of Texas (PUC) by rule to establish a distributed solar generation incentive program to be implemented by electric utilities, oversee the implementation of the program required by this subsection, and establish procedures to achieve the goal described by Subsection (a).

(c) Requires that the rules adopted under Subsection (b) include provisions for a distributed solar generation cost recovery factor to ensure timely and reasonable cost recovery for electric utility expenditures under this section; recovery of the cost of electric utility programs through nonbypassable fees which may not exceed 10 cents per month for residential customers, \$1 per month for commercial customers, or \$10 per month for industrial customers; and adjusting or eliminating the incentives provided by electric utilities to the extent that the cost of energy from distributed solar generation becomes more competitive with the cost of grid-supplied energy.

(d) Prohibits electric utilities from providing incentives under this section for distributed solar generation that is installed after the fifth anniversary of the date the program required by this section is established by PUC rule.

SECTION 2. Requires the PUC to adopt rules establishing the distributed solar generation incentive program required under Section 39.9155, Utilities Code, as added by this Act, as soon as practicable.

SECTION 3. Effective date: upon passage or September 1, 2009.