

## **BILL ANALYSIS**

Senate Research Center  
81R1711 TJS-D

S.B. 427  
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Business & Commerce  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, Texas is a world leader in energy generated from renewable sources. Despite efforts to increase energy from renewable resources other than wind, Texas still lags behind many other states in the development and installation of solar energy resources.

As proposed, S.B. 427 establishes new goals for distributed renewable generation. S.B. 427 provides that electric utilities administer incentive programs to encourage customers to use distributed renewable generation as a supplemental energy source and provide them with opportunities to do so. Additionally, S.B. 427 authorizes the Public Utility Commission of Texas (PUC) to adopt rules and procedures to ensure that utilities can meet the goal established in the bill and provides that the PUC is to establish a distributed renewable generation cost recovery factor to ensure timely and reasonable recovery of expenditures made by the utilities in pursuit of the goals established in the bill.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 (Section 39.917, Utilities Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter Z, Chapter 39, Utilities Code, by adding Section 39.917, as follows:

Sec. 39.917. GOAL FOR DISTRIBUTED RENEWABLE GENERATION. (a) Defines "distributed renewable generation."

(b) Provides that it is the goal of the legislature that by January 1, 2020, an additional 2,000 megawatts of generating capacity from distributed renewable energy sources will have been installed in this state and that, by January 1, 2015, at least 1,000 megawatts of that additional generating capacity will have been installed in this state.

(c) Requires electric utilities to administer programs to give all customers, in all customer classes, an opportunity and incentive to use distributed renewable generation as a supplemental energy source, including programs that provide incentives to commercial and residential customers to build integrated solar and geothermal generation of their residence or place of business, and to homebuilders to build integrated solar and geothermal generation in new homes.

(d) Requires a retail electric provider to provide its customers with distributed renewable generation educational materials.

(e) Requires the Public Utility Commission of Texas to provide oversight and adopt rules and procedures to ensure that the utilities can achieve the goal prescribed by this section, including rules and procedures:

(1) establishing a distributed renewable generation cost recovery factor for ensuring timely and reasonable cost recovery for utility expenditures made to satisfy the goal prescribed by this section;

(2) establishing an incentive under Section 36.204 (Cost Recovery and Incentives) to reward utilities administering programs under this section;

(3) providing a utility that is unable to establish a distributed renewable generation cost recovery factor in a timely manner due to a rate freeze with a mechanism to enable the utility to defer and recover certain costs;

(4) ensuring that the costs associated with the programs provided under this section are borne by the customer classes that receive the services under the programs; and

(5) ensuring the program encourages the utilities to pass on the value of the incentives to end-use consumers.

(f) Prohibits the distributed renewable generation cost recovery factor under Subsection (e) from resulting in an over-recovery of costs but authorizes the factor to be adjusted each year to change rates to enable utilities to match revenues against distributed renewable generation costs and any incentives they receive. Requires the factor to be adjusted to reflect any over-collection or under-collection of distributed renewable generation cost recovery revenue in previous years.

SECTION 2. Effective date: upon passage or September 1, 2009.