

BILL ANALYSIS

Senate Research Center
88R11988 JXC-F

H.B. 4542
By: Moody (Blanco)
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas' vertically integrated utilities, located outside ERCOT have their own respective subsection mandating how they can interconnect with distributed renewable generation within the Public Utility Regulatory Act (PURA), Chapter 39 of the Utilities Code, which only applies to that specific utility. This bill applies only to an investor-owned utility that operates solely outside of ERCOT and is part of the Western Electricity Coordinating Council, per Chapter 39 of the Utilities Code.

The current statute, in place since 2011, is limited and does not address the consistently increasing amount and types (rooftop solar, residential battery/storage, electric vehicle, and modular nuclear) of distributed generation assets now online or soon to be available to users. The current structure also restricts the utility from preventing or reacting to non-distributed generation users having to carry a disproportionate amount of costs that distributed generation owners would otherwise be covering.

H.B. 4542 will take the first step in providing financial compensation options for distributed generation owners in certain areas outside of ERCOT. H.B. 4542 statutorily opens the door for the development of alternatives moving forward. It causes no other action other than to allow for the evaluation of these alternatives through the required regulatory proceedings at the Public Utility Commission of Texas. H.B. 4542 will allow all stakeholders to participate and allow the Office of Public Utility Counsel, municipalities, and individual distributed generation owners to engage in the regulatory proceedings.

H.B. 4542 amends current law relating to the compensation of a distributed renewable generation owner in certain areas outside of ERCOT.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 39.554(f), Utilities Code, as follows:

(f) Provides that for a distributed renewable generation owner that chooses interconnection through a single meter under Subsection (e) (relating to requiring an electric utility that approves an application of a distributed renewable generation owner to provide to the owner certain metering options and an option to interconnect with the utility through a single meter that runs forward and backwards under certain circumstances), unless the Public Utility Commission of Texas approves an alternative method for compensating a distributed renewable generation owner for electricity generated by distributed renewable generation or a qualifying facility, certain forms of credit for electricity exceeding the owner's consumption are required to be credited to the owner's account in certain circumstances.

SECTION 2. Effective date: September 1, 2023.