

By: Coleman

H.B. No. 2226

A BILL TO BE ENTITLED

AN ACT

relating to the creation of a Tex Sun solar energy system rebate program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 39.903(a), (b), and (e), Utilities Code, are amended to read as follows:

(a) The system benefit fund is created as a trust fund with the comptroller in the state treasury and shall be administered by the Commission as trustee on behalf of the recipients of money from the fund [~~an account in the general revenue fund~~]. Money in the account may be appropriated only for the purposes provided by this section or other law. Interest earned on the system benefit fund shall be credited to the fund. [~~Section 403.095, Government Code, does not apply to the system benefit fund.~~]

(b) The system benefit fund is financed by a nonbypassable fee set by the commission at [~~in~~] an amount not to exceed 65 cents per megawatt hour for energy efficiency programs and 65 cents per

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megawatt hour for solar energy programs. The system benefit fund fee for energy efficiency programs is allocated to customers based on the amount of kilowatt hours used. The funds will be allocated to the following programs:

(1) funds collected through the 65 cent per megawatt charge will be allocated to Energy Efficiency Programs as per Sec.39.903(e), and

(2) funds collected through the 65 cent per megawatt charge will be allocated to the TexSUN solar rebate program administered by the Texas Public Utilities Commission as per Sec.39.9031.

(e) Money for Energy Efficiency Programs from [in] the system benefit fund may be appropriated to provide funding solely for the following regulatory purposes, in the following order of priority:

(1) programs to:

(A) assist low-income electric customers by providing the 10 percent reduced rate prescribed by Subsection (h); and

(B) provide one-time bill payment assistance to electric customers who are or who have in their households one or more seriously ill or disabled low-income persons and who have been

threatened with disconnection for nonpayment

(2) customer education programs, administrative expenses incurred by the commission in implementing and administering this chapter, and expenses incurred by the office under this chapter;

(3) programs to assist low-income electric customers by providing the targeted energy efficiency programs described by Subsection (f) (2);

(4) programs to assist low-income electric customers by providing the 20 percent reduced rate prescribed by Subsection (h); and

(5) reimbursement to the commission and the Health and Human Services commission for expenses incurred in the implementation and administration of an integrated eligibility process created under Section 17.007 for customer service discounts relating to retail electric service, including outreach expenses the commission determines are reasonable and necessary.

SECTION 2. Subchapter Z, Chapter 39, Utilities Code, is amended by adding Sections 39.9031 and 39.9032 to read as follows:

Sec. 39.9031. TexSUN SOLAR ENERGY SYSTEM REBATE PROGRAM. (a)

In this section:

(1) "Solar Energy System" means a solar electric device

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used for the function of generating electricity that is installed with a five-year warranty against breakdown or undue degradation.

(2) "Renewable Energy System" means a renewable energy device utilizing solar or wind energy for the function of generating electricity that is installed with a five-year warranty against breakdown or undue degradation.

(b) The commission shall administer the TexSUN Solar Energy System Rebate Program for all ratepayers of the regulated Transmission and Distribution Utilities.

(c) The commission shall be a trustee of the funds collected through the systems benefit fund for the TexSUN Solar Energy System Rebate Program on behalf of the customers who receive solar rebates.

(d) The commission shall begin the process of establishing rules for the collection and distribution of the TexSUN Solar Energy System Rebate Program funds through the transmission and distribution utilities of the state, commencing September 1, 2007. The TexSUN Solar Energy System Rebate Program shall commence no later than January 1, 2008

(e) The commission by rule shall adopt procedures for requiring a transmission and distribution utility to provide a

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standard rebate offer to a customer that interconnects an eligible solar energy system to the utility's transmission and distribution system. The standard rebate shall be calculated based on the direct current rating of the PV module multiplied by the efficiency of the direct current to alternating current inverter. The standard rebate offer shall decline at an average rate of 10% per year over the term of the program. The initial rebate offer shall be:

(1) \$4.50 per watt for a residential customer;

(2) \$4.00 per watt for a nonresidential customer that installs a solar energy system with a generating capacity of less than or equal to 200 kilowatts; and

(3) \$3.50 per watt for a nonresidential customer that installs a solar energy system with a generating capacity greater than 200 kilowatts and up to a maximum of one-thousand kilowatts.

(f) The commission shall:

(1) institute mechanisms to ensure that solar incentives are set at the optimal level to ensure the program funds are used efficiently, while ensuring that the solar market develops at a rate commensurate with the level of annual funding;

(2) establish a goal that the program funds are fully allocated each year;

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(3) hold a stakeholder workshop three times per year, inviting all interested parties, to determine if the incentive is set at the appropriate level to maintain an efficient and steady flow of incentives to retail customers;

(4) have the right to increase or decrease the incentive levels based on market conditions, especially noting changes to or expiration of the Federal Solar Investment Tax Credit. The customer rebate level for residential and nonresidential customers shall be achieved through a combination of state and federal incentive amounts, with the state incentive contribution adjusted to accommodate changes in available federal incentive levels; and

(5) shall require the transmission and distribution utility to submit an annual report that provides information relating to the actions taken to comply with section 39.9031. The report shall be done within the time prescribed and in a format approved by the commission and include information including, but not limited to the following:

- (A) total solar rebate funding available;
- (B) number of solar rebates allocated;
- (C) funding for solar rebates allocated; and
- (D) cumulative installed solar capacity.

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(g) A transmission and distribution utility shall determine the amounts allocated to provide rebates to residential and nonresidential customers based on the percentage of funds collected for this section under Section 39.903 from each class of customer. Amounts allocated for rebates to one class of customers may not be reallocated for rebates for another class customers.

(h) No single retail customer shall pay more than \$2,000 per month into the TexSUN Solar Energy System Rebate Program fund. If the customer is served by multiple transmission and distribution utilities, then the payments to each transmission and distribution utility shall be proportional to the proportion of the customer's purchases from each transmission and distribution utility.

(i) Each transmission and distribution utility can allocate no more than 5% of the annual funding for the TexSUN Solar Energy System Rebate Program for administrative purposes of the solar rebate program. Any funding not used for administration shall be used for providing incentives.

(j) All renewable energy credits from solar energy systems will be the sole property of the customer, unless the customer engages in a transaction to sell or trade those renewable energy credits with another party.

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(k) If a customer with a renewable energy system generates renewable energy in excess of the customer's monthly consumption, the retail value of excess kilowatt-hours shall be credited against the customer's bill in subsequent months. To the extent that solar electricity generation exceeds the customer's consumption during a 12 month period, commencing with the start of operation of the renewable energy system, the customer shall grant excess production to their retail electric provider.

(l) A customer's facility that generates renewable energy from a renewable energy system shall be equipped with metering equipment that can measure the flow of electricity in both directions. If the customer's existing electric revenue meter does not meet the requirements of these rules the transmission and distribution utility shall install and maintain a new revenue meter for the customer, at the utility's expense. Any subsequent meter changes requested by the customer shall be paid for by the customer.

(m) A customer with an eligible renewable energy system shall be offered electricity tariffs that are identical, with respect to rate structure, retail rate components and monthly charges to the tariff that would be available to the customer if the customer did

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not use an eligible renewable energy system.

(n) All applications for renewable energy system connection shall be processed within 30 days of the transmission and distribution utility company's receipt of the application from the customer. If the utility does not notify the customer whether the application is approved or rejected on or before the 30th day after receiving the application, the interconnection application is considered approved.

SECTION 3. This Act takes effect September 1, 2007.