



Control Number: 34890



Item Number: 31

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**PROJECT NO. 34890**

**RULEMAKING RELATING TO NET  
METERING AND  
INTERCONNECTION OF  
RENEWABLE DISTRIBUTED  
GENERATION**

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**PUBLIC UTILITY COMMISSION  
OF TEXAS**

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**STAFF STRAWMAN RULE**

The Public Utility Commission of Texas (commission) provides for public comment the following draft of a rule relating to net metering and interconnection of distributed renewable generation.

Comments on the draft rule (16 copies) may be submitted to the Filing Clerk, Public Utility Commission of Texas, 1701 North Congress Avenue, PO Box 13326, Austin, Texas 78711-3326, before 3 p.m. on March 26, 2008.

Comments should be organized in a manner consistent with the organization of the draft rule.

All comments should refer to Project Number 34890.

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**§25.216. Distributed Renewable Generation.**

- (a) **Application.** This section applies to retail electric providers (REPs) and electric utilities, including transmission and distribution utilities (TDUs), but excludes river authorities that are electric utilities.
- (b) **Definitions.** The following words and terms when used in this section shall have the following meanings, unless the context clearly indicates otherwise:
- (1) **Distributed renewable generation (DRG)** – Electric generation facilities with a capacity of not more than 2,000 kilowatts provided by a renewable energy technology, as defined by SUBST. R. §25.5, relating to Definitions, installed on a retail electric customer’s side of the meter.
  - (2) **Distributed renewable generation owner (DRGO)** – A person who owns distributed renewable generation. A DRGO may or may not be the owner, resident or lessee of the site where the distributed renewable generation system is installed
  - (3) **Interconnection** – The physical connection of DRG or SG to an electricity distribution system in accordance with the technical requirements, rules, and processes for the connection set forth by this section.
  - (4) **Solar generation (SG)** – Solar electric generation panels owned by an independent school district and installed on the school building’s side of the meter, irrespective of capacity.
  - (5) **Surplus electricity** – Energy produced by DRG and delivered to the distribution network.

(6) **Surplus solar electricity** – Energy produced by SG and delivered to the distribution network.

(c) **Interconnection.**

(1) A TDU or electric utility shall permit interconnection of DRG or SG if:

(A) the DRG to be interconnected has a five-year warranty against breakdown or undue degradation; and

(B) the DRG or SG and interconnection are in compliance with applicable requirements of §§25.211 and 25.212 of this title.

(2) In order to ensure that requests for electric service by a DRGO or prospective DRGO are processed by REPs in a non-discriminatory manner, a REP shall not request or solicit information from prospective customers regarding ownership of DRG prior to or during the processing of requests for service.

(3) A TDU, electric utility, or REP may not require a DRGO whose DRG meets the standards established by this section to purchase an amount, type or classification of liability insurance the DRGO would not have in the absence of the DRG.

(4) A prospective DRGO or independent school district may request interconnection by submitting an application for interconnection and parallel operation with the TDU or electric utility. The application shall be on a form approved by the commission and processed by the TDU or electric utility in accordance with the procedures set forth in §25.211 of this title.

(5) For purposes of this rule, metering shall be consistent with §25.213 of this title.

(d) **Renewable Energy Credits (RECs).** Any RECs awarded to the DRG or independent school district pursuant to ERCOT protocols and §25.173 of this title are the property of

the DRGO or independent school district. The DRGO or independent school district may engage in transactions to trade RECs to any party legally allowed to trade REC credits including a DRGO or independent school district's REP or electric utility in accordance with §25.173 of this title. However, the purchase of surplus electricity does not automatically confer any rights of REC ownership on the purchaser.

(e) **Registration.** DRG under this section is expressly exempt from registration pursuant to §25.109 of this title.

(f) **Sale of surplus electricity and surplus solar electricity.**

(1) An electric utility or REP serving an independent school district's load has an obligation to buy all surplus solar electricity produced by the independent school district's SG.

(2) In areas where customer choice has not been introduced, the electric utility serving the load for an independent school district shall purchase an independent school district's surplus solar electricity at a value consistent with 18 C.F.R. 292.304.

(3) In areas in which customer choice has been introduced, DRGOs and independent school districts wishing to sell surplus electricity or surplus solar electricity shall sell the surplus to the REP that serves the load of the DRGO or independent school district and at a price to which both parties agree. Payment may be either by remittance or in the form of a credit applied to the account of the DRGO or independent school district that may be carried over to subsequent billing periods until the credit has been redeemed. Within thirty days of termination of a service agreement between a REP and a DRGO or independent school district, any

outstanding amounts due to the DRGO or independent school district shall be remitted by the REP unless both parties expressly agree otherwise.