



Control Number: 34890



Item Number: 41

Addendum StartPage: 0

OPEN MEETING COVER SHEET

MEETING DATE: March 26, 2008

DATE DELIVERED: March 21, 2008

AGENDA ITEM NO.: 25

CAPTION: **PROJECT NO. 34890 – PUC Rulemaking**
Relating to Net Metering and Interconnection of Distributed Generation

ACTION REQUESTED: Proposal for Publication

Distribution List:

Commissioners' Office (6)
Central Records
Claiborn-Pinto, Shawnee
Featherston, David (3)
Flores, Leticia
Gonzales, Adriana
Goodson, Susan
Hunter, Tom (2)
Journey, Stephen
Lanford, Lane
Manning, Robert
Mathis, Jolie
Mueller, Paula
Renfro, Mike
Smithson, David
Srinivasa, Nara
Thomas, Meena
Tietjen, Darryl (2)
Totten, Jess (3)
Withrow, Damon
Whittington, Pam (3)
Wright, Christine

RECEIVED
2008 MAR 21 AM 11:07
FILED CLERK

Barry T. Smitherman
Chairman

Julie Caruthers Parsley
Commissioner

Paul Hudson
Commissioner

W. Lane Lanford
Executive Director



Public Utility Commission of Texas

Date: March 21, 2008

To: Chairman Barry T. Smitherman
Commissioner Julie Caruthers Parsley
Commissioner Paul Hudson

From: David Smithson, ^{DBS}Competitive Markets

Subject: **Project No. 34890** - *Rulemaking Relating to Net Metering and Interconnection of Distributed Renewable Generation*, Staff's proposed order approving new §25.213, relating to definition of metering for distributed renewable generation pursuant to Public Utility Regulatory Act (PURA) §§39.914 and 39.916 as created by House Bill (HB) 3693, for consideration at the March 26, 2008, Open Meeting.

RECEIVED
2008 MAR 21 AM 11:02
PUBLIC UTILITY COMMISSION
FILING CLERK

Staff's proposed order for consideration at the March 26, 2008, Open Meeting is attached for your review. Based on comments on the proposed rule, Staff made revisions to the rule language as published. The following is a list of the major issues and revisions reflected in Staff's proposed order.

Regarding metering for distributed renewable generation (DRG), the revised rule is more specific with respect to metering based on the capacity of a customer's DRG and the wishes of the customer relating to measurement of surplus electricity. Staff proposes the following:

- For DRG of at least 50 kW and up to 2,000 kW, staff proposes use of incremental demand recording (IDR) meters.
- For DRG below 50 kW whose owners do not wish to measure surplus electricity, Staff proposes that the transmission and distribution utility (TDU) have the option of installing either a meter capable of measuring both load and surplus electricity, or one that measures only load.
- For existing DRG below 50 kW whose owners do not request a new meter, Staff proposes that the TDU have the option of retrofitting the existing meter with one meeting the specifications of this rule.

Regarding TDU fees:

- To ensure against discrimination, Staff proposes that the charging of TDU fees for energy delivered to DRG owners be made mandatory.



Regarding time of generation:

- To ensure that the time of generation is reflected in the value of surplus electricity sold by owners of DRG, Staff proposes that the processes developed by ERCOT for settlement of surplus electricity account for time of generation.

If you have any questions or would like to discuss the proposed amendment, please contact me at 936-7156 or david.smithson@puc.state.tx.us.

1 **PROJECT NO. 34890**

2 **RULEMAKING PROCEEDING § PUBLIC UTILITY COMMISSION**
3 **RELATING TO NET METERING §**
4 **AND INTERCONNECTION OF § OF TEXAS**
5 **DISTRIBUTED GENERATION §**

6 **(STAFF RECOMMENDATION)**
7 **ORDER ADOPTING NEW §25.213 FOR**
8 **CONSIDERATION AT THE MARCH 26, 2008 OPEN MEETING**

9 The Public Utility Commission of Texas (commission) adopts new §25.213, relating to Metering
10 for Distributed Renewable Generation (DRG) with changes to the proposed text as published in
11 the February 22, 2008 issue of the *Texas Register* (33 TexReg 1483). The new rule will establish
12 a definition for metering as it relates to interconnected distributed renewable generation. The
13 provision of metering as required by the new rule will satisfy the requirements for metering
14 pursuant to Public Utility Regulatory Act (PURA) §§39.914(d) and 39.916(f). This threshold
15 issue is being addressed first in Project No. 34890 to provide sufficient clarity for the Electric
16 Reliability Council of Texas (ERCOT) to begin development of profiles needed to settle sales of
17 distributed renewable generation by January 1, 2009 as required by PURA §39.916(j). The
18 commission plans to complete the remainder of Project No. 34890 in the fourth quarter of 2008.
19 This new rule is a competition rule subject to judicial review as specified in PURA §39.001(e).
20 This new section is adopted under Project Number 34890.

21 On March 13, 2008, the commission received written comments from the following: The Alliance
22 for Retail Markets and the Texas Energy Association for Marketers (collectively, "ARM and
23 TEAM"); AEP Texas Central Company, AEP Texas North Company, CenterPoint Energy
24 Houston Electric LLC, Oncor Electric Delivery Company LLC, and Texas-New Mexico Power

1 Company, (collectively, "Joint TDUs"); Interstate Renewable Energy Council (IREC); The Lone
2 Star Chapter of the Sierra Club (Sierra Club); Public Citizen, Environmental Defense, and
3 Sustainable Energy & Economic Development Coalition (collectively, "Public Citizen *et al*");
4 Reliant Energy (Reliant); The Solar Alliance, Texas Renewable Energy Industries Association,
5 and the Texas Solar Energy Industries Association (collectively, "Joint Renewable Commenters");
6 Texas Industrial Energy Consumers (TIEC); and, TXU Energy Retail Company (TXU Retail).

7
8 In the preamble to the proposed rule, the commission put forth the following question for
9 comment:

10 *Should there be a standard tariff for transmission and distribution utilities, excluding*
11 *river authorities, for the provision of metering for distributed renewable generation?*

12
13 Joint Renewable Commenters, Reliant, and TXU Retail supported the development of a standard
14 tariff. Joint Renewable Commenters commented that a standardized tariff would ensure that all
15 customers would have access to the same meter functionality at the same cost, no matter where
16 they were located within ERCOT, or which transmission and distribution utility (TDU) was
17 responsible for delivering energy. Joint Renewable Commenters cautioned, however, that a
18 standard tariff would provide benefit only if it contains specific language regarding the
19 deployment of meters and the manner and amounts in which meter charges are assessed. Reliant
20 supported a standard tariff if the intent of the tariff was to stipulate the types of meters and
21 charges that apply when the TDU, upon request from a DRG customer, installs meters for net
22 metering service. Reliant opined that a standardized tariff would be consistent with the

1 commission's finding in Project No. 29637 that more standardization will facilitate REP
2 participation in the retail market in all of the TDU service areas. While TXU Retail recognized
3 that transmission and distribution charges may vary, it supports the idea of a standard tariff for
4 TDUs to address the provisions of DRG metering.

5
6 ARM and TEAM, Joint TDUs and Sierra Club, on the other hand, did not see the need for the
7 adoption of a standard tariff for DRG metering. Joint TDUs commented that a DRG owner's
8 service is already covered by the commission's pro forma base tariff schedules. A standardized
9 tariff should focus on customer impacts rather than specific TDU processes or meter types and
10 metering tariff provisions for this rule should be clearly distinguished from the meter standards
11 developed for advanced metering in Project No. 31418, according to Joint TDUs. While noting
12 that standard tariff provisions already exist for distributed generation (DG) interconnection
13 standards and forms, Joint TDUs claimed that the costs for the service should be TDU-specific.
14 Nonetheless, Joint TDUs offered to develop a standard provision to be included in terms and
15 conditions for DRG metering, as well as standard discretionary services and associated fees, as
16 part of the second phase of this project, a more comprehensive rulemaking implementing the
17 distributed renewable provisions of H.B. 3693.

18
19 ARM and TEAM opined that the provisions in the pro forma tariff for retail delivery service in
20 §25.214(d)(1) (relating to Terms and Conditions of Retail Delivery Service Provided by Investor
21 Owned Transmission and Distribution Utilities) that address metering will likewise apply to
22 meters provisioned pursuant to this proposed section. ARM and TEAM commented that each

1 TDU must submit a company-specific tariff for metering in compliance with proposed subsection
2 (b)(5) and this tariff would reflect charges recovering the differential cost of the metering required
3 to achieve compliance, unless the meter was provided at no additional cost, as required by
4 proposed subsection (b)(4). ARM and TEAM noted that any proposed charges in TDU tariffs are
5 subject to review by interested parties and must meet the statutory “just and reasonable”
6 requirement before they are approved by the commission. Sierra Club contended that since
7 because all exported energy is delivered to another customer (with an associated delivery charge),
8 the TDU is automatically reimbursed for exported energy without any need for a separate export
9 charge or standard tariff. Sierra Club urged the commission to eliminate barriers such as a
10 standard tariff requirement for transmission and distribution utilities for distributed generators
11 which that otherwise restrict a customer’s options to generate a part of their own power.

Commission Response

14 **Consistent with its determination in Project Number 29637, the commission agrees with**
15 **Reliant that a standard tariff will facilitate REP participation in the market in all of the**
16 **TDU service areas and will also benefit customers with facilities in multiple TDU areas.**
17 **The commission does not agree with Joint Renewable Commenters that the charges should**
18 **be the same in all TDU areas, as each TDU will have different costs and should recover**
19 **those unique costs. Additionally, the commission agrees with the Joint TDUs that this issue**
20 **should be undertaken in the more comprehensive rulemaking and therefore defers the**
21 **standardization to that project. Other comments on the tariff provisions, such as the**
22 **standard of review, need not be addressed now, but may be raised in connection with the**

1 commission's consideration of the issue later in the project. The commission does not
2 concur in Sierra Club's view that standardizing tariff provisions relating to distributed
3 renewable generation is an obstacle to deployment of this technology. Tariffs will be
4 required for the TDUs to provide services related to these meters. Standardization will
5 facilitate deployment by making the terms and conditions uniform across much of Texas.

6
7 **General Comments:**

8 IREC voiced concern that Texas has lost the "net" in net metering. IREC believed that it is
9 essential to address the definition of net metering and offered its position that net metering is the
10 difference between electricity that is supplied by an electric provider and the electricity that is
11 generated by DRG and fed back to the electric provider over the distributed renewable generation
12 owner's (DRGO's) billing period. IREC stated that every state uses some variant of the "billing
13 period" concept in its definition of net metering such that the "netting" occurs over a month or a
14 year, and that 11 states deemed by the Alliance for Retail Choice as having made "medium to
15 good progress in retail electric choice" have adopted net metering definitions that include netting
16 of in-flows and out-flows. IREC asserted that Texas is alone in contemplating that netting only
17 occurs over 15 minute intervals and what Texas is contemplating is not net metering as the term is
18 commonly understood. IREC pointed out that net metering provides an important incentive for
19 investment in distributed renewable generation in that it allows customers to "bank" their energy
20 and use it at a time other than when it is produced, giving flexibility to the customer and allowing
21 them to maximize the value of their production. IREC pointed out that the key benefit to net
22 metering is that it enables customers to use their own generation to offset consumption over a

1 billing period, meaning customers receive retail prices for the excess electricity they generate
2 within a billing period.

3
4 Public Citizen *et al.* argued that the best net metering regulations among the states allow full retail
5 credit with no subtractions, protect customers from additional fees and charges and encourage the
6 use of DRG. They suggested that, while it appears to allow deduction of delivery charges for net
7 energy reductions, this rule as proposed protects the utility's interests but places the customer in a
8 position of risk and disadvantage in the market, as it appears to place the burden of any cost
9 differential on the generator, falling most heavily on the small renewable generators.

10
11 TIEC stated that having a single meter run forward if the customer is consuming energy from the
12 grid and running backward if the customer is sending energy to the grid, arriving at a "net"
13 quantity of energy consumed over a given period is not an appropriate method for metering in the
14 current ERCOT market structure and will create distortion and inaccuracies that run counter to
15 PURA and the ERCOT protocols.

16
17 Reliant suggested that the term "net metering services" be used to be more consistent with PURA
18 §§39.914(c) and 39.916(j).

19
20 ***Commission response***

21 The commission does not find the position of IREC and Public Citizen on netting over the
22 billing period to be consistent with PURA §§39.914(d) and 39.916(f) and therefore declines

1 to amend the proposed language. The commission notes that “net metering” is a defined
2 term in 16 U.S.C.A. §2621(11) and has various applications in other markets. It is often
3 used to refer to “retail roll backs” or “banking” of electricity, whereby the meter for a
4 retail electric customer that produces electricity is allowed to roll backwards as the DRG
5 (1) produces more electricity than is consumed by the customer’s load and (2) places such
6 surplus electricity on the distribution network. All charges incurred by such a retail
7 electric customer for power the customer actually consumes from the grid at other times
8 during the billing period are reduced or eliminated by these “retail roll backs” or
9 “banking.” However, the commission does not find that PURA §§ 39.914 or 39.916 include
10 the concepts of “retail roll backs” or “banking” as described above. Additionally, PURA
11 §§39.914(d) and 39.916(f) stipulate that meters for DRG be capable of measuring in-flows
12 and out-flows. Meters with only one register, as is true of meters that are acceptable in at
13 least six of the 11 states that IREC cites as having acceptable definitions of net metering,
14 cannot fulfill this requirement.

15
16 The commission further declines to amend the language consistent with the comments of
17 IREC and Public Citizen *et al* that customers should receive retail prices for energy they
18 export to the grid. PURA §§39.914(c) and 39.916(j) state that the price for energy sold by
19 the DRGO shall be at a value to which both parties agree. PURA §§39.914(c) and 39.916(j)
20 further suggest that a possible outcome of such an agreement might be the wholesale
21 clearing price of the energy at the time of day that it is made available to the grid. Absent
22 the ability to quantify out-flows, there is no basis for the DRGO and REP to determine

1 when the energy is made available and arrive at the value of this energy in the wholesale
2 market. Thus, under PURA, it is not sufficient merely to quantify the difference between
3 in-flows and out-flows.

4
5 Regarding Public Citizen *et al.*'s concern that any cost differentials for meters be borne by
6 the DRGO, this requirement is addressed by PURA §§39.914(d) and 39.916(f), which
7 require that the DRGO pay the differential cost of the metering unless the meters are
8 provided at no additional cost. The commission thus makes no changes to the rule
9 language based on this comment.

10
11 The commission further declines to adopt IREC and Reliant's suggested language because
12 use of the term "net metering service" could be confusing, for the reasons discussed above,
13 and is not necessary to implement the statute.

14
15 The Solar Alliance *et al.* believed that the proposed rule settles the question surrounding the
16 definition of "net" in net metering, by clarifying that there is to be no netting of outflows against
17 inflows in the settlement process. The Solar Alliance agreed that this outcome was consistent
18 with HB 3693's specific language and intent. They stated that benefits can be achieved under this
19 interpretation if alternative profiling methods are developed and made available to reflect the time
20 of generation for DRG resources, especially solar, in settlement. The Solar Alliance opined and
21 Sierra Club agreed that the implementation of accurate profiling is a necessary condition for
22 enabling DRGOs to earn a fair market value for the load reduction benefits they provide to the

//

1 grid and supported the direction and efforts of ERCOT staff and the Profiling Working Group in
2 this regard. Specifically, the Solar Alliance strongly supported the development of separate
3 profiled treatment of both consumption and surplus generation that reflects the time of generation
4 of solar DG. They encouraged the commission to support these efforts as well, because they
5 believe that a settlement solution that fails to account for the time of generation of solar resources
6 will result in a market failure, effectively preventing REPs from being able to offer owners of solar
7 DG resources a fair market value for the energy they produce. Sierra Club and TIEC agreed that
8 the settlement should reflect the full value of energy produced including the value at peak demand
9 periods.

10
11 TIEC did not believe a profiling approach was the most accurate way of accounting for the
12 amount of energy consumed and exported in given time periods and suggested that a better
13 approach would be to measure in-flow and out-flow separately with advanced meters. ARM and
14 TEAM expressed support for the rule's requirement for separate measurement of and accounting
15 for energy delivered to the customer and surplus generation delivered from the customer to the
16 distributed network, and stated that this functionality is essential in the competitive Texas energy
17 market for accurate customer compensation for surplus generation, settlement, customer billing
18 and assessment of fees for TDU services and the system benefit fund assessment.

19
20 ***Commission response***

21 **The commission adds language as suggested by Solar Alliance *et al.* and Sierra Club to the**
22 **rule to reflect that ERCOT procedures will account for time of generation in the settlement**

1 process. The commission concurs with TIEC with regard to the use of advanced meters to
2 account for time of generation, but as advanced meters are not generally available at this
3 time, the language in the rule allows for ERCOT to employ profiling as a means of
4 accounting for time of generation.

5
6 IREC suggested a definition of "outflow" be included in the rule with the meaning, "energy
7 produced by distributed renewable generation and delivered to the distribution network."

8
9 *Commission response*

10 The commission reads "out-flow" to be synonymous with "surplus electricity" and has
11 adopted the latter term throughout the rule. As the term "out-flow" is not used in the rule,
12 it is not defined.

13
14 The Sierra Club believed that small DG systems should be able to interconnect simply and without
15 time delays and extra charges and that if DG becomes saturated in the market then the rules can
16 be revisited to assure fairness for both customers and utilities, but at the moment, renewable DG
17 must be promoted and made easy for all potential generators.

18
19 *Commission response*

20 The commission agrees that DG systems should be able to interconnect without excessive
21 burden and plans to address that issue in the second rule in this project.

Subsection (a)

The Sierra Club recognized that the PUC does not have the authority to require municipalities and cooperatives to follow the proposed rules but suggested that language be added to encourage municipalities and cooperatives to follow these or similar rules. The Sierra Club also stated its belief that other types of energy generation, such as combined heat and power systems that are not strictly renewable should be allowed to interconnect and sell energy back to the grid.

Commission response

The commission declines to adopt the Sierra Club recommendation. While the customers of cooperatives and municipally owned electric utilities might benefit from standardized rules regarding DRG, PURA §39.002 specifically exempts municipally owned and cooperative electric utilities from the requirements of PURA §§39.914 and 39.916.

The commission declines to include non-renewable distributed generation in this rule, because the rule is being adopted specifically to satisfy the requirements of PURA §§39.914(d) and 39.916(f). PURA §39.914(d) specifically addresses certain solar applications, and PURA §39.916(a)(1) defines DRG, and limits DRG to the definition of renewable energy technology in PURA §39.904(d). Adding non-renewable distributed generation would be out of the scope of the language as proposed, and inconsistent with the intent of the sections being implemented. Special rules for the interconnection of combined heat and power facilities that meet the definition of distributed generation already exist in other provisions of Chapter 25.

1 Joint TDUs proposed adding the 2,000 kilowatt (kW) limitation from HB 3693. They also
2 proposed that compliance with other commission interconnection rules be specified in the
3 application section.

4
5 *Commission response*

6 **The commission adopts language in (b)(2) to incorporate the 2,000 kW limitation from HB**
7 **3693.**

8
9 **The commission declines to take up the issue regarding compliance with other commission**
10 **interconnection rules in this rulemaking, as they will be addressed in the second phase of**
11 **this project.**

12
13 **Subsection (b)(1)**

14 Reliant suggested that the subsection be clarified to indicate that TDUs will be reporting metered
15 values to “the entity responsible for settlement.” Reliant further suggested that because ERCOT
16 is the entity that accounts for energy use the rule should be modified to indicate that ERCOT
17 would be accounting for metered values in settling the total load of the serving REP.

18
19 *Commission response*

20 **The commission agrees with the suggestion of Reliant that referring to “the entity**
21 **responsible for settlement” provides greater clarity to the rule and includes this phrase in**
22 **subsection (b)(1).**

1 TXU Retail supported the language with respect to small owners of DRG who desire to measure
2 their surplus generation, but opined that there was a need for language addressing those DRG
3 owners who did not wish to measure surplus generation. It further stated that the rule should
4 address large DRG customers. It said that it supported the metering options in this paragraph for
5 DRG owners who desire to measure surplus generation and those who do not, and proposed
6 removing the phrase "and that desires to measure the generation's surplus electricity production."
7 TXU Retail expressed its support of the ERCOT Distributed Generation Task Force (DGTF)
8 recommendation that DRG greater than 50 kW but less than two megawatts (MW) be metered by
9 using interval demand recording (IDR) meters.

10
11 TXU Retail stated that it did not oppose earlier comments by Oncor and TNMP supporting
12 meters rendered incapable of "spinning both ways" for customers who did not wish to measure
13 their surplus generation and offered new language should this approach be adopted. The joint
14 TDUs also supported this position.

15
16 ***Commission response***

17 **The commission agrees and adopts the language suggested by TXU Retail.**

18
19 IREC stated that, although net metering can be accomplished with a simple bi-directional meter,
20 H.B. 3693 calls for a meter capable of measuring in-flows and out-flows. It suggested that the
21 rule specify that TDUs install the lowest cost meter capable of providing the data required.

1 *Commission response*

2 **The commission declines to adopt this change. While the commission is sensitive to the**
3 **issue that IREC raises, it does not agree that it is appropriate to prescribe the use of the**
4 **lowest cost meters in the rule. The commission expects TDUs to have cost effective**
5 **metering systems. However, the commission recognizes that each of the TDUs has had the**
6 **ability to select meter systems from different manufacturers, and the lowest cost meters**
7 **may not necessarily be compatible with each TDU's existing system, or be the most cost**
8 **effective for each TDU to implement and maintain.**

9
10 TXU Retail proposed that the term "premise" be replaced with "side of the meter" to be
11 consistent with PURA §39.916(a).

12
13 *Commission response*

14 **The commission agrees and adopts the proposed language.**

15
16 Reliant proposed that to the rules ensure that a TDU is not required to install net metering until it
17 has verified that the customer has complied with all the technical requirements, rules or processes
18 for interconnection.

19
20 *Commission response*

21 **As this issue will be addressed in the second phase of this project, the commission declines**
22 **to take up this issue in this rulemaking.**

1 Reliant proposed that it be made clear that the surplus electricity generation that the DRG owner
2 desires to measure is electricity being delivered from the DRG owner's premises to the
3 distribution network.

4
5 *Commission response*

6 **The commission acknowledges that surplus electricity generated by DRG will flow to the**
7 **distribution network and is adopting the proposed language for clarity.**

8
9 The Joint TDUs suggested that the last sentence be changed to provide that the two metered
10 values "shall" rather than "should" be separately accounted for.

11
12 *Commission response*

13 **The commission agrees and makes this change accordingly.**

14
15 Sierra Club of Texas, expressing concern over the cost of special metering for DRG, suggested
16 that the commission show preference for use of single advanced meters with time bin carryover
17 for DRG applications and that meters capable of "spinning both ways" be used until advanced
18 meters are available.

Commission response

The commission declines to adopt the proposed language. The commission finds, as discussed above, that the use of meters that “spin both ways” is inconsistent with PURA §§39.914(d) and 39.916(f).

Subsection (b)(2)

The Joint TDUs commented that the permission for a TDU to charge for electricity consumption in its tariff should be made mandatory consistent with PURA §36.004. ARM and TEAM said that, given the separate measurement of load and surplus generation, the purpose of this provision was unclear. They further offered language to clarify the DRGO’s option to choose a metering methodology appropriate for the DRGO’s preferences regarding measurement of surplus electricity and the capacity of the DRG.

Commission response

The commission agrees with the Joint TDU’s proposed language as it ensures non-discriminatory assessment of TDU charges and clarifies the DRGO’s options for metering methodologies.

IREC requested that TDU fees be calculated on the net of in-flows minus out-flows, based on the assumption that DRG out-flows serve nearby loads and thus provide a system benefit by avoiding the need for long-distance transmission to serve distant loads.

1 *Commission response*

2 **Consistent with the discussion above, the commission does not find this suggestion to be**
3 **consistent with PURA §39.916, and therefore declines to make the recommended**
4 **modification.**

5
6 **Subsection (b)(3)**

7 TXU Retail and the Joint TDUs suggested that this paragraph be revised, replacing the term
8 “transmission and distribution service provider” with “transmission and distribution utility.” TXU
9 Retail recommended an almost identical replacement in subsection (b)(5)

10
11 *Commission response*

12 **The commission agrees that “transmission and distribution utility” is better terminology**
13 **and modifies the subsections accordingly.**

14
15 The Joint TDUs suggested that, while it may exceed the scope of this rulemaking, the second
16 phase of this project regarding DRG should provide explicitly for the transition of existing DRG
17 installations to metering approved by the commission pursuant to this rulemaking.

18
19 *Commission response*

20 **The commission agrees with the Joint TDUs and will address this issue in the second phase**
21 **of this project.**

1 **Subsection (b)(4)**

2 Sierra Club suggested that the commission express a preference that, where practical, metering
3 for DRG should be provided at no additional cost to the DRG owner.

4

5 *Commission response*

6 **The commission declines to amend the rule based on Sierra Club's recommendation,**
7 **because the proposed language in (b)(4) is consistent with PURA §§39.914(d) and 39.916(f),**
8 **and the Sierra Club's recommendation is not.**

9

10 **Subsection (b)(6)**

11 The Joint Renewable Commenters offered additional language to clarify that, beginning January 1,
12 2009, owners of DG will be allowed to sell surplus generation to "the retail electric provider that
13 serves the distributed renewable generation owner's load."

14

15 The Joint TDUs noted that while today it is unlikely for owners of DRG to sell surplus
16 generation, some who would qualify under the provisions of H.B. 3693 are doing so, and that the
17 January 1, 2009 date is specifically relevant to the ERCOT settlement implementation. Joint
18 TDUs offered language to modify subsection (b)(6) to indicate that owners of DRG may begin
19 selling surplus generation at any time, but that TDUs and ERCOT are not required to accept
20 meter data pursuant to subsection (b)(1) until January 1, 2009.

1 *Commission response*

2 **The commission finds that DRGOs may sell surplus electricity at any time, and concludes**
3 **that the adoption of this rule does not affect their ability to do so. The commission thus**
4 **declines to adopt the Joint Renewable Commenters' language. The commission recognizes**
5 **that TDUs and ERCOT are required to begin settlement of surplus generation by January**
6 **1, 2009 and adopts the language proposed by the Joint TDUs.**

7
8 All comments, including any not specifically referenced herein, were fully considered by the
9 commission. In adopting these sections, the commission makes other minor modifications for the
10 purpose of clarifying its intent.

11
12 This new rule is adopted under the Public Utility Regulatory Act, Texas Utilities Code Annotated
13 §14.002 (Vernon 2007 and Supp. 2007) (PURA), which provides the Public Utility Commission
14 with the authority to make and enforce rules reasonably required in the exercise of its powers and
15 jurisdiction, and in particular PURA §38.002, which authorizes the commission to adopt
16 standards relating to measurement, quality of service, and metering standards, PURA
17 §39.101(b)(3), which provides the commission the authority to adopt and enforce rules relating to
18 customers' right of access to on-site DG, PURA §39.914, which provides for the sale of surplus
19 electricity produced by a public school building's solar electric generation panels, and PURA
20 §39.916, which directs the commission to establish standards for DRG.

1 Cross Reference to Statutes: Public Utility Regulatory Act §§14.002, 38.002, 39.101, 39.914, and
2 39.916.

3

§25.213. Metering for Distributed Renewable Generation.**(a) Application.**

This section applies to metering provided by transmission and distribution utilities, excluding river authorities, to owners of distributed renewable generation.

(b) Metering.

(1) Upon request by a customer that has, or is in the process of installing distributed renewable generation with a capacity of less than 50 kW on the retail electric customer's side of the meter premises and that desires to measure the generation's surplus electricity production, a transmission and distribution utility shall provide metering at the point of common coupling using one or two meters that separately measure both the customer's electricity consumption from the distribution network and the surplus generation that is delivered from the customer's side of the meter premise to the distribution network and separately report each metered value to the transmission and distribution utility. The two metered values shall should be separately accounted for by the entity responsible for settlement transmission and distribution utility.

(2) Upon request by a retail electric customer that has, or is the process of installing distributed renewable generation with a capacity equal to or greater than 50 kW up to 2,000 kW on the retail electric customer's side of the meter, a transmission and distribution utility shall provide one or two interval demand recorders at the point of common coupling that separately measure both the customer's electricity consumption from the distribution network and the surplus generation that is

1 delivered from the retail electric customer's side of the meter to the distribution
2 network and separately report each metered value to the transmission and
3 distribution utility. The two metered values shall be separately accounted for by
4 the entity responsible for settlement.

5 (3) Upon request by a retail electric customer that has, or is in the process of installing
6 distributed renewable generation with a capacity of less than 50 kW on the retail
7 electric customer's side of the meter and that does not desire to measure the
8 generation's surplus electricity production, a transmission and distribution utility
9 shall provide metering in accordance with paragraph (1) of this subsection or, at
10 the transmission and distribution utility's option, install a meter that measures the
11 customer's electricity consumption from the distribution network but does not
12 measure the surplus generation that is delivered from the retail electric customer's
13 side of the meter to the distribution network. Unless an existing distributed
14 renewable generation owner requests to have the existing meter replaced, the
15 transmission and distribution utility may, at its option and expense, replace an
16 existing distributed renewable generation owner's meter with a meter of a type
17 specified in this rule.

18 (42) Pursuant to the applicable schedule in its tariff, **a transmission and distribution**
19 **utility shall may charge for the customer's electricity consumption from the**
20 **distribution network** as measured by the metering installed pursuant to paragraphs
21 (1), (2) or (3) of this subsection.

1 (53) A transmission and distribution utility service provider shall not provide metering
2 for purposes of PURA §39.914(d) and PURA §39.916(f), that is inconsistent with
3 paragraph (1) of this subsection, unless ordered by the commission.

4 (64) The distributed renewable generation owner shall pay any significant the
5 differential cost of the metering unless the meters are provided at no additional
6 cost.

7 (75) Transmission and distribution utilities service providers shall file tariffs for
8 metering under this section within 60 days of its effective date.

9 (86) Owners of distributed renewable generation may begin selling surplus generation at
10 any time, but transmission and distribution utilities are not required to comply with
11 paragraphs (1), (2) or (3), as they relate to reporting the two metered values, and
12 the entity responsible for settlement is not required to accept the meter data
13 provided pursuant to paragraphs (1), (2) or (3) until on **January 1, 2009**.

14 (9) The entity responsible for settlement shall develop processes for settlement of
15 surplus electricity that reflect time of generation by January 1, 2009.
16

PAUL HUDSON, COMMISSIONER