

**SB 2257** by Sen. Blanco, relating to the compensation of a distributed renewable generation owner in certain areas outside of ERCOT.

### **1. SB 2257 Explained**

- ❖ Amends §39.554(f) of the Texas Utilities Code and applies only to the area outside the ERCOT grid.
- ❖ Establishes a net metering credit plan for distributed renewables such as rooftop and community solar, given that they use a single metering point.
- ❖ Permits the Public Utility Commission of Texas to approve and adopt an alternative metering plan if they see fit.

### **2. What is Net Metering?**

- ❖ Net metering is a widely used policy for crediting back electricity-generating households. Currently, 38 states have net metering policies in place. Net metering works by providing households with monthly credits for the excess generation they produce. The credits use a retail rate equal to the amount that the consumer pays per kWh for electricity.
- ❖ Net metering credit = monthly excess electricity\*monthly retail rate

### **3. What is the impact of net metering?**

- ❖ Opponents of net-metering often point to the cost-shift theory which argues that utility providers offset the cost of the credits by increasing rates across the board, which amounts to a subsidy on solar, and results in net costs. However, according to the Brookings Institute, net metering studies produced by regulators, academia, energy labs, and even utility providers concluded that “economic benefits of net metering actually outweigh the costs and impose no significant cost increase for non-solar customers.”<sup>2</sup>
- ❖ Environment America Research determined that the value of solar energy was actually greater than the value of residential retail rates, and thus, far from being a subsidy, determined that distributed generators were being undercredited.<sup>3</sup> Further, “distributed solar offers net benefits to the entire grid through reduced capital investment costs, avoided energy costs, and reduced environmental compliance costs.”<sup>4</sup>
- ❖ Net metering has proven to be a valuable incentive for solar adoption. When Nevada’s Public Utility Commission reduced net metering, solar adoption rates declined by 92%.<sup>5</sup>

1 Blanco 2023.

2 Muro & Saha 2016.

3 Hallock & Sargent 2016.

4 Muro & Saha 2016.

5 Muro & Saha 2016.

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#### Citations:

Blanco, César. “SB 2257.” Texas Legislature Online. The Senate of Texas, March 10, 2023.

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Hallock, Lindsey, and Rob Sargent. “Shining Rewards.” Environment America Research & Policy Center. Frontier Group, 2015.

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Muro, Mark, and Devashree Saha. “Rooftop Solar: Net Metering Is a Net Benefit.” Brookings

Institute, May 23, 2016.

<https://www.brookings.edu/research/rooftop-solar-net-metering-is-a-net-benefit>.