To: Texas Governor Greg Abbott

From: Kai Bauer-Seeley

Re: Pursuing a net energy metering policy in Texas

Date: 24 February 2023

Executive Summary

As the rest of the U.S. and the world continue to generate more and more energy through renewable sources, it is time for Texas to pass a net energy metering policy to promote the installation and use of solar panels. Currently, because Texas does not have a net metering policy and because Texas' renewable portfolio standard sets capacity targets instead of generation targets, there are little financial incentives for Texans to pursue solar power (Stokes, 2015, p. 133). Texas is one of only two U.S. states without a net energy metering policy, and thus Texas is clearly behind the renewable energy curve (Pickerel, 2022). I believe that it is imperative that Texas passes a net metering policy to back up your claim that "Texas is the energy capital of the world" (Abbott, 2023). Additionally, increased demand for solar energy caused by the enactment of a net metering policy will generate thousands of jobs for solar energy installers and electricians in Texas.

How will a net energy metering policy in Texas work?

If enacted, a net metering policy in Texas will provide a way for Texans who own solar panels to sell their excess energy to the electrical grid. During the daytime, when the sun is up, households with solar panels will often produce more energy than they need, and these households will be able to sell this extra electricity to the grid. Under a net energy metering policy, customers will not get paid for the energy they give to the grid;

rather, their electric meters will run backward, lowering electric bills. Thus, Texans will be incentivized to install solar panels and accelerate Texas' foray into a renewable future. Along with a net metering policy, the Public Utility Commission (PUC) of Texas must set fixed charges on customer electricity bills so that the electricity market remains stable. This action is also necessary to prevent brutal revolts by Texas utilities. Lastly, it is important to note that because Texas' transmission system largely adheres to its state borders, the Federal Electricity Regulatory Commission has next to no jurisdiction over the proposed net metering policy once it is adopted (Stokes, 2015, p. 130).

Political strategy

Net energy metering policy will be difficult to pass in Texas, but not impossible if specific political strategies are used. A net metering policy will have to be passed as part of a bill in the Texas legislature. Thus, a legislator/legislators will have to file a bill to begin the process toward its enactment. There are many Texas legislators who support renewable energy; however, a bill that will enact a net metering policy in Texas will not pass unless the bill contains other policies that are supported by Republican legislators. For a net energy metering policy to pass, this policy must be a part of a Christmas tree bill, like the Texas Electric Restructuring Act of 1999 (Stokes, 2015, p. 149). Therefore, I suggest that your office works with a variety of legislators to create a bill with many riders. Other policies in the bill may include school safety measures, reduced property taxes, and plans for job creation. Net energy metering will also generate jobs because net metering will increase demand for solar energy and as a result, create jobs for solar energy installers and electricians. Because job generation will be a focal point of the tentative Christmas tree bill I am suggesting, I propose that the bill's title be along the

lines of “Texan Jobs Creation Act.” By combining net metering policy with other policies and framing the bill as an economic one, Texas utilities will be less likely to thoroughly analyze the bill and campaign against it.

Arizona’s net energy metering policy

The history of net metering policy in Arizona should be studied to understand certain political conditions that would cause the retrenchment of net energy metering policy in Texas. In 2007, Arizona passed a net energy metering policy that caused rampant growth in residential solar panel installations over the following five years (Breetz et al., 2018, p. 19). This growth caused the Arizona Public Service (Arizona’s main utility) to intervene in Arizona Corporation Commission (Arizona’s equivalent to the Texas PUC) elections. Following the elections, the ACC rolled back Arizona’s net metering policy, eliminating tens of millions of dollars annually in solar incentives (Breetz et al., 2018, p. 20). Thus, from studying the history of Arizona’s net energy metering policy, it is clear that for such a policy to last, the public utility commissioners cannot be anti-solar. Current Texas PUC Chairman Peter Lake is on record supporting the use of renewables and praising renewable technology advancement (Klump, 2021). Therefore, I am hopeful that with the combined support of your office and Chairman Lake, the Texas PUC will not succumb to utility pressures against net metering. This hope is augmented by the historical backing of the Texas governor’s platform by Texas PUC commissioners.

Political barriers

Net energy metering policy in Texas is sure to garner considerable opposition from politicians and utilities, prior to and following policy enactment. When the policy is

enacted, the utilities will pressure the Texas PUC to raise fixed charges on customers' monthly electric bills, as more than 100 utilities in 34 states did between 2014 and 2019 (Stokes, 2020, p. 104). The commission should be fully prepared to be inundated by such requests; however, it is my recommendation that the commission allows the net metering policy to unfold naturally for at least three years before considering submitting to utility demands. Net energy metering policy will also be opposed by Republican legislators in Texas; this is why I suggest that net metering policy be proposed as part of a Christmas tree bill with a misleading name such as "Texan Jobs Creation Act."

Policy recommendation

As the proclaimed energy capital of the world, Texas must pass a net energy metering policy to incentivize Texans to adopt solar panels. Solar energy is the present, the future, and one of the keys to reconstructing the American energy system to protect the health and well-being of future generations. Net metering policy will also catapult the solar industry in Texas and create thousands of jobs for solar energy installers and electricians. Passing a net energy metering bill in the Texas legislature will be very challenging considering the ideological makeup of the legislature. This is why I propose that you identify a group of legislators to work with to develop a Christmas tree bill that encompasses net metering policy and several other policies. This strategy should prove successful in confounding starkly opposed legislators and utilities. Passing net energy metering policy is a necessary step for Texas to take to attempt to combat climate pollution. Proposing a net metering policy will be one of your defining legacies.

References

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