

**AMENDMENT TO THE RULES COMMITTEE PRINT
FOR H.R. 8
OFFERED BY MS. CASTOR OF FLORIDA**

At the end of the bill, add the following new title:

1 **TITLE VII—OTHER MATTERS**

2 **SEC. 7001. SHORT TITLE.**

3 This title may be cited as the “Free Market Energy
4 Act”.

5 **SEC. 7002. DEFINITION OF DISTRIBUTED ENERGY RE-
6 SOURCE.**

7 Section 3 of the Federal Power Act (16 U.S.C. 796)
8 is amended by adding at the end the following:

9 “(30) DISTRIBUTED ENERGY RESOURCE.—The
10 term ‘distributed energy resource’ means a resource,
11 technology, or service interconnected to the elec-
12 tricity distribution system that generates, manages,
13 or reduces energy use.”.

14 **SEC. 7003. GENERAL RIGHT TO NEUTRALITY OF INTER-
15 CONNECTION.**

16 The Public Utility Regulatory Policies Act of 1978
17 is amended by inserting after section 7004 (16 U.S.C.
18 2603) the following:

1 **“SEC. 5. GENERAL RIGHT TO NEUTRALITY OF INTER-**
2 **CONNECTION.**

3 “(a) IN GENERAL.—Distributed energy resources (as
4 defined in section 3 of the Federal Power Act (16 U.S.C.
5 796)) shall have a general right of interconnection under
6 this Act.

7 “(b) RATES AND FEES.—States shall ensure that
8 electric distribution grid operators adopt standards, condi-
9 tions, and requirements for rates and fees for interconnec-
10 tion of distributed energy resources under this Act, that—

11 “(1) are just and reasonable;

12 “(2) provide for the 2-way benefit for the dis-
13 tributed energy resource and the electricity grid; and

14 “(3) shall not be punitive.

15 “(c) TIMEFRAMES.—

16 “(1) IN GENERAL.—Timeframes for inter-
17 connection of distributed energy resources under this
18 Act shall be well-defined, expeditious, and not un-
19 duly protracted.

20 “(2) DELAYS OR DENIAL.—An interconnection
21 of distributed energy resources under this Act shall
22 not be delayed or denied unless the electric utility
23 demonstrates that the interconnection is unsafe or
24 impracticable.”.

1 **SEC. 7004. ENERGY AND RATE TREATMENTS FOR DISTRIB-**
2 **UTED ENERGY RESOURCES.**

3 Section 111(d) of the Public Utility Regulatory Poli-
4 cies Act of 1978 (16 U.S.C. 2621(d)) is amended by add-
5 ing at the end the following:

6 “(20) DISTRIBUTED ENERGY RESOURCES.—

7 “(A) IN GENERAL.—If a State regulatory
8 authority considers, through a rate proceeding
9 or another mechanism (such as consideration of
10 fixed or minimum charges), modifying the
11 treatment of net energy metering customers,
12 the State regulatory authority shall consider re-
13 quiring that distributed energy resources (as
14 defined in section 3 of the Federal Power Act
15 (16 U.S.C. 796)) be eligible to receive just and
16 reasonable energy and rate treatment using dy-
17 namic pricing, which may account for locational
18 benefit, to be provided on an unbundled basis,
19 after accounting for the 2-way valuation of dy-
20 namic rates, for services provided to or provided
21 by the grid, including the considerations with
22 respect to the use of dynamic pricing described
23 in subparagraph (B).

24 “(B) CONSIDERATIONS.—The consider-
25 ations for the use of dynamic pricing referred
26 to in subparagraph (A) include—

1 “(i)(I) pricing for energy sold to an
2 electric utility; and

3 “(II) pricing for energy purchased
4 from an electric utility;

5 “(ii) capacity;

6 “(iii) the provision of ancillary serv-
7 ices;

8 “(iv) the societal value of distributed
9 energy resources;

10 “(v) transmission and distribution
11 losses; and

12 “(vi) any other benefits that the State
13 regulatory authority considers to be appro-
14 priate.”.

15 **SEC. 7005. CONSIDERATION OF NONTRANSMISSION ALTER-**
16 **NATIVES.**

17 Section 111(d) of the Public Utility Regulatory Poli-
18 cies Act of 1978 (16 U.S.C. 2621(d)) (as amended by sec-
19 tion 7004) is amended by adding at the end the following:

20 “(21) NONTRANSMISSION ALTERNATIVES.—

21 “(A) IN GENERAL.—Each State regulatory
22 authority or applicable Regional Transmission
23 Organization or Independent System Operator
24 shall consider nontransmission alternatives in
25 instances in which an entity proposes trans-

1 mission projects seeking cost-of-service rate re-
2 covery.

3 “(B) COST.—To reduce the cost to the
4 ratepayer of a potential transmission upgrade, a
5 nontransmission alternative considered under
6 subparagraph (A), the cost of the nontrans-
7 mission alternative shall be recovered from the
8 ratebase or regional recovery mechanism in the
9 same manner as the transmission upgrade
10 would have been.”.

11 **SEC. 7006. PRIOR STATE ACTIONS.**

12 (a) IN GENERAL.—Section 112 of the Public Utility
13 Regulatory Policies Act of 1978 (16 U.S.C. 2622) is
14 amended by adding at the end the following:

15 “(g) PRIOR STATE ACTIONS.—Subsections (b) and
16 (c) shall not apply to a standard established under para-
17 graphs (20) and (21) of section 111(d) in the case of any
18 electric utility in a State if, before the date of enactment
19 of this subsection—

20 “(1) the State has implemented for the electric
21 utility the standard (or a comparable standard);

22 “(2) the State regulatory authority for the
23 State, or the relevant nonregulated electric utility,
24 has conducted a proceeding to consider implementa-

1 tion of the standard (or a comparable standard) for
2 the electric utility; or

3 “(3) the State legislature has voted on the im-
4 plementation of the standard (or a comparable
5 standard) for the electric utility.”.

6 (b) **CROSS-REFERENCE.**—Section 124 of the Public
7 Utility Regulatory Policies Act of 1978 (16 U.S.C. 2634)
8 is amended by adding at the end the following: “In the
9 case of each standard established under paragraphs (20)
10 and (21) of section 111(d), the reference contained in this
11 subsection to the date of enactment of this Act shall be
12 deemed to be a reference to the date of enactment of those
13 paragraphs.”.

14 **SEC. 7007. EFFECT.**

15 Nothing in this title (or an amendment made by this
16 title) shall apply to distributed energy resource contracts
17 in effect on the date of enactment of this Act.

