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:

TITLE VII—OTHER MATTERS

SEC. 7001. SHORT TITLE.

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

SEC. 7002. DEFINITION OF DISTRIBUTED ENERGY RESOURCE.

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

“(30) DISTRIBUTED ENERGY RESOURCE.—The term ‘distributed energy resource’ means a resource, technology, or service interconnected to the electricity distribution system that generates, manages, or reduces energy use.”.

SEC. 7003. GENERAL RIGHT TO NEUTRALITY OF INTERCONNECTION.

The Public Utility Regulatory Policies Act of 1978 is amended by inserting after section 7004 (16 U.S.C. 2603) the following:
“SEC. 5. GENERAL RIGHT TO NEUTRALITY OF INTERCONNECTION.

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

“(b) RATES AND FEES.—States shall ensure that electric distribution grid operators adopt standards, conditions, and requirements for rates and fees for interconnection of distributed energy resources under this Act, that—

“(1) are just and reasonable;

“(2) provide for the 2-way benefit for the distributed energy resource and the electricity grid; and

“(3) shall not be punitive.

“(c) TIMEFRAMES.—

“(1) IN GENERAL.—Timeframes for interconnection of distributed energy resources under this Act shall be well-defined, expeditious, and not unduly protracted.

“(2) DELAYS OR DENIAL.—An interconnection of distributed energy resources under this Act shall not be delayed or denied unless the electric utility demonstrates that the interconnection is unsafe or impracticable.”.
SEC. 7004. ENERGY AND RATE TREATMENTS FOR DISTRIBUTED ENERGY RESOURCES.

Section 111(d) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2621(d)) is amended by adding at the end the following:

“(20) DISTRIBUTED ENERGY RESOURCES.—

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

“(B) CONSIDERATIONS.—The considerations for the use of dynamic pricing referred to in subparagraph (A) include—
“(i)(I) pricing for energy sold to an electric utility; and

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

“(ii) capacity;

“(iii) the provision of ancillary services;

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

“(v) transmission and distribution losses; and

“(vi) any other benefits that the State regulatory authority considers to be appropriate.”.

SEC. 7005. CONSIDERATION OF NONTRANSMISSION ALTERNATIVES.

Section 111(d) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2621(d)) (as amended by section 7004) is amended by adding at the end the following:

“(21) NONTRANSMISSION ALTERNATIVES.—

“(A) IN GENERAL.—Each State regulatory authority or applicable Regional Transmission Organization or Independent System Operator shall consider nontransmission alternatives in instances in which an entity proposes trans-
mission projects seeking cost-of-service rate recovery.

“(B) COST.—To reduce the cost to the ratepayer of a potential transmission upgrade, a nontransmission alternative considered under subparagraph (A), the cost of the nontransmission alternative shall be recovered from the ratebase or regional recovery mechanism in the same manner as the transmission upgrade would have been.”.

SEC. 7006. PRIOR STATE ACTIONS.

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

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

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

“(2) the State regulatory authority for the State, or the relevant nonregulated electric utility, has conducted a proceeding to consider implementa-
tion of the standard (or a comparable standard) for the electric utility; or

“(3) the State legislature has voted on the implementation of the standard (or a comparable standard) for the electric utility.”.

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

SEC. 7007. EFFECT.

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