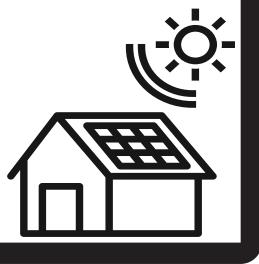


RESIDENTIAL SOLAR RETAILERS AT A GLANCE



Statutes: Texas Occupations Code, Chapter 1806;

Texas Occupational Code, Chapter 51

Rules:

Practice Act? Yes

Title Act? Yes

Number of Licenses: Licenses not required until September 1, 2026

Webpage: www.tdlr.texas.gov/residentialSolarRetailers



Overview:

A residential solar retailer or salesperson sells or leases solar energy systems intended or designed primarily for family, personal, or household use to collect and use solar energy to generate electricity. Senate Bill 1036, enacted by the 89th Texas Legislature, established the Residential Solar Retail program at TDLR, beginning September 1, 2025.

What types of solar contracts does TDLR regulate?

The Texas Residential Solar Retailer Regulatory Act, which goes into effect September 1, 2025, gives TDLR regulatory authority over certain types of solar agreements signed after that date.

- The covered agreements include sales or leases of residential solar energy systems.
- TDLR does not regulate power purchase agreements. In a power purchase agreement, the consumer does not buy or lease the solar panels but permits panels to be installed on consumer's property and agrees to purchase the electricity generated.

The following are exempt from the Act and are not regulated by the RSRRA

(although installation of the systems themselves may be regulated by TDLR):

- Systems installed on multifamily buildings with four or more dwelling units or stories
- Systems installed on nonresidential property
- Systems intended only for temporary or emergency use, to power a single appliance, or certain small systems that generate less than one-kilowatt of peak output power in the aggregate.

Under the Act, a phased roll-out of TDLR's regulation of solar transactions will be implemented. Certain contract provisions and disclosures must be included in solar agreements signed on or after September 1, 2025. The Commission may adopt rules related to the program after that date. Retailers and salespersons will be required to obtain a TDLR registration as of September 1, 2026.

What's In Effect As of September 1, 2025

Residential solar retailers in Texas must include required contract provisions (Sec. 1806.155) and right-to-cancel provisions (1806.156) beginning September 1, 2025.

Required Contract Provisions

If the sale or lease of residential solar energy system involves the installation of the system at a person's residence, the sale or lease agreement must:

1. Provide that the installation of the residential solar energy system will be performed by a licensed electrical contractor.
2. Conspicuously state the name and license number of the electrical contractor who will perform the installation. This requirement may be satisfied by providing a list of electrical contractors in the agreement from which one must be selected to perform the installation.
3. Provide that the solar retailer or electrical contractor, as applicable, will obtain:
 - any permit required by a government entity for the installation
 - if Section 554 or 39.916, Utilities Code, applies, the approval by the electric utility serving the person's residence of the interconnection of the residential solar energy system; and
 - if the person is a customer of an electric cooperative or a municipally owned utility, the cooperative's or utility's approval of the interconnection of the residential solar energy system.

Third-party lenders

If the sale or lease of a residential solar energy system involves a third-party lender that is affiliated with or referred by the solar retailer, the agreement must include a provision requiring the third-party lender to cancel any accompanying loan made by the third-party lender to the buyer or lessee upon cancellation of the agreement.

Right-to-cancel

A solar contract must allow a buyer or lessee to cancel the agreement without penalty or further obligation by providing written notice of the cancellation on or before the fifth business day after the date on which the agreement was executed by the buyer or lessee.

A solar retailer must include in an agreement for the sale or lease of a residential solar energy system the last calendar date of the cancellation period and the mailing address or e-mail address for providing the notice of cancellation.

If the agreement does not contain the required address for cancellation, the buyer or lessee may cancel the agreement by

providing written notice of cancellation to the solar retailer by any reasonable method.

Solar retailers must continue to comply with all other state and federal laws, including the federal Truth-in-Lending Act, the state Deceptive Trade Practices-Consumer Protection Act (Business and Commerce Code, Chapter 17), and the provisions of Business and Commerce Code, Chapter 115, which pertain to certain solar transactions. Once TDLR adopts rules pertaining to the program, solar retailers will also be required to comply with those rules.

What's in Effect As of September 1, 2026

- Beginning September 1, 2026, residential solar retailers and solar salespersons must be registered with TDLR to conduct sales or leases of residential solar panels and residential solar energy systems. Licensing applications will be available in advance of this date.
- Certain prohibited acts (Sec. 1806.201) and additional requirements in SB 1036 will be enforceable and subject to administrative action beginning September 1, 2026.

Enforcement

- TDLR can only accept complaints on residential solar retailers for contracts entered into on or after September 1, 2025.
- For incidents involving residential solar retailers occurring before September 1, 2025, consumers should file a complaint with the Texas Attorney General's Office of Consumer Protection.
- Under Occupations Code, Chapter 1806, TDLR will have the authority to regulate contracts involving the sale or lease of residential solar energy systems, including solar panels and solar shingles, with some limited exceptions.

What Else is Coming?

In consultation with the stakeholder workgroup, TDLR will develop and enforce administrative rules to prohibit deceptive and misleading practices, to regulate the form or format of contracts, and to prescribe a code of conduct for the profession. These rules will be adopted no later than June 1, 2026.

Stakeholder Workgroup

TDLR will appoint a stakeholder workgroup who will be consulted to help develop program rules and consumer educational materials. The workgroup will be selected in September 2025.