

By: Hancock, et al.

S.B. No. 1282

A BILL TO BE ENTITLED

AN ACT

1
2 relating to cost recovery for costs arising from the
3 interconnection of certain electric generation facilities with the
4 ERCOT transmission system.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 35.004, Utilities Code, is amended by
7 amending Subsection (d) and adding Subsection (d-1) to read as
8 follows:

9 (d) The commission shall price wholesale transmission
10 services within ERCOT based on the postage stamp method of pricing
11 under which a transmission-owning utility's rate is based on the
12 ERCOT utilities' combined annual costs of transmission, other than
13 costs that exceed the allowance described in Subsection (d-1),
14 divided by the total demand placed on the combined transmission
15 systems of all such transmission-owning utilities within a power
16 region. An electric utility subject to the freeze period imposed by
17 Section 39.052 may treat transmission costs in excess of
18 transmission revenues during the freeze period as an expense for
19 purposes of determining annual costs in the annual report filed
20 under Section 39.257. Notwithstanding Section 36.201, the
21 commission may approve wholesale rates that may be periodically
22 adjusted to ensure timely recovery of transmission investment.
23 Notwithstanding Section 36.054(a), if the commission determines
24 that conditions warrant the action, the commission may authorize

1 the inclusion of construction work in progress in the rate base for
2 transmission investment required by the commission under Section
3 39.203(e).

4 (d-1) The commission by rule shall establish a reasonable
5 allowance for capital costs incurred to interconnect generation
6 resources and electric energy storage resources described by
7 Section 35.152(a) with the ERCOT transmission system, which must
8 include the costs of the direct interconnection of the generator to
9 the system and upgrades directly caused by the interconnection.
10 Any costs that exceed the allowance must be borne directly by the
11 generation resource or electric energy storage resource receiving
12 interconnection service through the facilities.

13 SECTION 2. This Act takes effect September 1, 2021.