

By: Hancock

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 described in Subsection (d-1), divided by the total demand
14 placed on the combined transmission systems of all such
15 transmission-owning utilities within a power region. An electric
16 utility subject to the freeze period imposed by Section 39.052 may
17 treat transmission costs in excess of transmission revenues during
18 the freeze period as an expense for purposes of determining annual
19 costs in the annual report filed under Section 39.257.
20 Notwithstanding Section 36.201, the commission may approve
21 wholesale rates that may be periodically adjusted to ensure timely
22 recovery of transmission investment. Notwithstanding Section
23 36.054(a), if the commission determines that conditions warrant the
24 action, the commission may authorize the inclusion of construction

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

3 (d-1) Capital costs incurred to interconnect with the ERCOT
4 transmission system generation resources and electric energy
5 storage resources described by Section 35.152(a), including costs
6 of utility interconnection facilities and all necessary system
7 upgrades, must be directly assigned by the ERCOT independent system
8 operator to the generation resource or electric energy storage
9 resource receiving interconnection service through the facilities.

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