

1-1 By: Hancock S.B. No. 1282
 1-2 (In the Senate - Filed March 9, 2021; March 18, 2021, read
 1-3 first time and referred to Committee on Business & Commerce;
 1-4 April 9, 2021, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 7, Nays 2; April 9, 2021,
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8 Hancock	X			
1-9 Nichols	X			
1-10 Campbell	X			
1-11 Creighton	X			
1-12 Johnson	X			
1-13 Menéndez		X		
1-14 Paxton	X			
1-15 Schwertner	X			
1-16 Whitmire		X		

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 1282 By: Hancock

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to cost recovery for costs arising from the
 1-22 interconnection of certain electric generation facilities with the
 1-23 ERCOT transmission system.

1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-25 SECTION 1. Section 35.004, Utilities Code, is amended by
 1-26 amending Subsection (d) and adding Subsection (d-1) to read as
 1-27 follows:

1-28 (d) The commission shall price wholesale transmission
 1-29 services within ERCOT based on the postage stamp method of pricing
 1-30 under which a transmission-owning utility's rate is based on the
 1-31 ERCOT utilities' combined annual costs of transmission, other than
 1-32 costs that exceed the allowance described in Subsection (d-1),
 1-33 divided by the total demand placed on the combined transmission
 1-34 systems of all such transmission-owning utilities within a power
 1-35 region. An electric utility subject to the freeze period imposed by
 1-36 Section 39.052 may treat transmission costs in excess of
 1-37 transmission revenues during the freeze period as an expense for
 1-38 purposes of determining annual costs in the annual report filed
 1-39 under Section 39.257. Notwithstanding Section 36.201, the
 1-40 commission may approve wholesale rates that may be periodically
 1-41 adjusted to ensure timely recovery of transmission investment.
 1-42 Notwithstanding Section 36.054(a), if the commission determines
 1-43 that conditions warrant the action, the commission may authorize
 1-44 the inclusion of construction work in progress in the rate base for
 1-45 transmission investment required by the commission under Section
 1-46 39.203(e).

1-47 (d-1) The commission by rule shall establish a reasonable
 1-48 allowance for capital costs incurred to interconnect generation
 1-49 resources and electric energy storage resources described by
 1-50 Section 35.152(a) with the ERCOT transmission system, which must
 1-51 include the costs of the direct interconnection of the generator to
 1-52 the system and upgrades directly caused by the interconnection.
 1-53 Any costs that exceed the allowance must be borne directly by the
 1-54 generation resource or electric energy storage resource receiving
 1-55 interconnection service through the facilities.

1-56 SECTION 2. This Act takes effect September 1, 2021.

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