

BILL ANALYSIS

C.S.H.B. 1421
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State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interest in exploring intermittent energy storage as a viable energy resource has grown in recent years. However, there is concern that current regulation of the electric market complicates the classification and ownership of such energy storage. C.S.H.B. 1421 seeks to address these concerns by establishing certain energy storage equipment or facilities as generation assets and the owner or operator of such electric energy storage equipment or facilities as a power generation company.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTIONS 2 and 3 of this bill.

ANALYSIS

C.S.H.B. 1421 amends the Utilities Code to establish that electric energy storage equipment or facilities that are intended to be used to sell energy or ancillary services at wholesale, including electric energy storage equipment or facilities listed on a power generation company's registration with the Public Utility Commission of Texas (PUC) or, for an exempt wholesale generator, on the generator's registration with the Federal Energy Regulatory Commission, are generation assets and that the owner or operator of such electric energy storage equipment or facilities is a power generation company. The bill requires such an owner or operator to register with the PUC as a power generation company and entitles the owner or operator to interconnect the equipment or facilities, obtain transmission service for the equipment or facilities, and use the equipment or facilities to sell electricity or ancillary services at wholesale in a manner consistent with the provisions of the Public Utility Regulatory Act and PUC rules applicable to a power generation company or an exempt wholesale generator. The bill specifies that its provisions do not affect a determination made by the PUC in a final order issued before December 31, 2010.

C.S.H.B. 1421 requires the PUC, not later than January 1, 2012, to adopt or revise rules as necessary to implement the bill's provisions and, not later than April 1, 2012, to ensure that the Electric Reliability Council of Texas adopts or revises the council's protocols, standards, and procedures to implement the bill's provisions. The bill redefines "power generation company" to make a conforming change.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 1421 contains a provision not included in the original redefining "power generation company." The substitute contains provisions not included in the original establishing certain

electric energy storage equipment or facilities as generation assets and the owner or operator of such electric energy storage equipment or facilities as a power generation company. The substitute contains provisions not included in the original requiring the owner or operator to register as a power generation company and entitling the owner or operator to perform certain actions relating to the equipment or facilities.

C.S.H.B. 1421 contains a provision not included in the original specifying that its provisions do not affect a determination made by the Public Utility Commission of Texas (PUC) in a final order issued before December 31, 2010. The substitute contains provisions not included in the original setting deadlines by which the PUC is required to adopt or revise rules to implement the bill's provisions and by which the PUC is required to ensure that the Electric Reliability Council of Texas (ERCOT) adopts or revises the council's protocols, standards, and procedures to implement the bill's provisions.

C.S.H.B. 1421 omits a provision included in the original requiring the PUC, by rule, to classify energy storage equipment or facilities in Texas as a separate class or separate classes of equipment or facilities, distinct from generation or transmission and distribution equipment or facilities and prohibiting such rules from prohibiting the use of energy storage equipment or facilities to provide a service related to the generation, transmission, or distribution of electricity in Texas. The substitute omits a provision included in the original requiring the PUC, by rule, to provide a mechanism for a transmission and distribution utility to provide transmission and distribution services using energy storage equipment or facilities owned or operated by the utility or by another person.

C.S.H.B. 1421 omits a provision included in the original adding the need for increased energy storage capacity to the study and report on transmission and generation capacity that the PUC and the independent organization certified for ERCOT are required to file with the legislature under provisions of law relating to the state's goal for renewable energy.

C.S.H.B. 1421 omits a provision included in the original extending the date by which the PUC, in consultation with the State Energy Conservation Office, is required to compute and report to ERCOT the projected energy savings and demand impacts for certain entities. The substitute omits a provision included in the original removing the requirement to report annually for a period of five years and including entities that administer energy storage technology programs among the entities to be included in the report.

C.S.H.B. 1421 omits a provision included in the original adding thermal, chemical, mechanical, and electrical energy storage technology programs to the programs approved by the PUC that utilities are authorized to choose to implement to satisfy the state's energy efficiency goals.