

BILL ANALYSIS

Senate Research Center

S.B. 943
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Various parts of the electricity continuum (generation, load, and transmission) are regulated differently. Energy storage is a developing technology that can increase reliability of the provision of electricity and have other benefits. However, it is unclear whether or how energy storage is regulated as its unique characteristics and capabilities could be considered generation, load, transmission, or a hybrid. Currently, Texas law does not address the use of energy storage. There is no definition of this new technology in the Utilities Code.

S.B. 943 redefines "power generation company" to include owning storage. It provides that any entity owning storage that is sold into the wholesale market shall be classified as a generator, and as such, have interconnection rights and register as a generator. S.B. 943 provides an exemption for the storage device, previously approved by the Public Utility Commission of Texas, which is providing reliability services in South Texas.

S.B. 943 amends current law relating to the classification, use, and regulation of electric energy storage equipment or facilities.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 4 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 31.002(10), Utilities Code, to redefine "power generation company."

SECTION 2. Amends Chapter 35, Utilities Code, by adding Subchapter E, as follows:

SUBCHAPTER E. ELECTRIC ENERGY STORAGE

Sec. 35.151. **ELECTRIC ENERGY STORAGE.** Provides that this subchapter applies to electric energy storage equipment or facilities that are intended to provide 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.

Sec. 35. 152. **GENERATION ASSETS.** (a) Provides that electric energy storage equipment or facilities that are intended to be used to sell energy or ancillary services at wholesale are generation assets.

(b) Provides that the owner or operator of electric energy storage equipment or facilities that are generation assets under Subsection (a) is a power generation company and is required to register under Section 39.351(a) (relating to registration of power generation companies). Entitles the owner or operator of the equipment or facilities to:

(1) interconnect the equipment or facilities;

(2) obtain transmission service for the equipment or facilities; and

(3) use the equipment or facilities to sell electricity or ancillary services at wholesale in a manner consistent with the provisions of this title and PUC rules applicable to a power generation company or an exempt wholesale generator.

(c) Provides that, notwithstanding Subsection (a), this section does not affect a determination made by PUC in a final order issued before December 31, 2010.

SECTION3. Prohibits Section 31.002(10), Utilities Code, as amended by this Act, and Subchapter E, Chapter 35, Utilities Code, as added by this Act, from being construed to determine the regulatory treatment of electricity acquired to charge electric energy storage equipment or facilities and used solely for the purpose of later sale as energy or ancillary services.

SECTION 3. (a) Requires PUC to adopt or revise rules as necessary to implement this Act not later than January 1, 2012.

(b) Requires PUC to ensure that the Electric Reliability Council of Texas (ERCOT) adopts or revises ERCOT'S protocols, standards, and procedures to implement this Act not later than April 1, 2012.

SECTION 4. Effective date: September 1, 2011.