

## **BILL ANALYSIS**

C.S.S.B. 933  
By: Fraser  
State Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Stakeholders explain that direct current ties interconnecting the transmission and distribution system governed by the Electric Reliability Council of Texas (ERCOT) to adjacent power regions' transmission systems can provide ERCOT with the ability to import power into Texas during times of system stress and high electricity prices. Additionally, the stakeholders note that these direct current ties can be used to export power out of Texas when prices are low and excess power generation exists, opening new markets for Texas-based generators. The stakeholders contend that a person, including an electric utility or municipally owned utility, should be required to seek and obtain a certificate of convenience and necessity from the Public Utility Commission of Texas (PUC) prior to interconnecting a facility that enables the import or export of power into or out of the ERCOT transmission system, giving the PUC the opportunity to assess the impacts of a proposed direct current tie on ERCOT. C.S.S.B. 933 seeks to impose this requirement.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 of this bill.

### **ANALYSIS**

C.S.S.B. 933 amends the Utilities Code to prohibit a person, including an electric utility or municipally owned utility, from interconnecting a facility to the Electric Reliability Council of Texas (ERCOT) transmission grid that enables additional power to be imported into or exported out of the ERCOT power grid unless the person obtains a certificate from the Public Utility Commission of Texas (PUC) stating that public convenience and necessity requires or will require the interconnection. The bill requires the person to apply for the certificate not later than the 180th day before the date the person seeks any order from the Federal Energy Regulatory Commission related to the interconnection. The bill requires the PUC to apply statutory provisions governing the grant or denial of a certificate of convenience and necessity to the consideration of such an application and to determine that the application is consistent with the public interest before granting the certificate. The bill authorizes the PUC to adopt rules necessary to implement these provisions relating to the prohibition against a person interconnecting a facility to the ERCOT transmission grid without a certificate and exempts from these provisions a facility that is in service on December 31, 2014.

C.S.S.B. 933 requires the PUC, not later than the 185th day after the date an application for a certificate of convenience and necessity under the bill's provisions is filed, to approve the

application for a facility that is to be constructed under an interconnection agreement appended to an offer of settlement approved in a final order of the Federal Energy Regulatory Commission that was issued in Docket No. TX11-01-001 on or before December 31, 2014, directing physical connection between the ERCOT and SERC regions under federal law. The bill authorizes the PUC, in approving the application, to prescribe reasonable conditions to protect the public interest that are consistent with the final order of the Federal Energy Regulatory Commission. The bill's provisions expressly are not intended to restrict the authority of the PUC or the independent organization certified by the PUC as essential to market structure for the ERCOT power region to adopt rules or protocols of general applicability.

### **EFFECTIVE DATE**

September 1, 2015.

### **COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE**

While C.S.S.B. 933 may differ from the engrossed in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the engrossed and committee substitute versions of the bill.

#### SENATE ENGROSSED

SECTION 1. Section 37.051, Utilities Code, is amended by adding Subsection (c-1) to read as follows:

(c-1) Notwithstanding any other provision of this title,

a person, including an electric utility or municipally owned utility, may not interconnect a facility to the ERCOT transmission grid that enables additional power to be imported into or exported out of the ERCOT power grid unless the electric utility or municipally owned utility obtains a certificate from the commission stating that public convenience and necessity requires or will require the interconnection.

The commission shall apply Section 37.056 in considering an application under this subsection. In addition, the commission must determine that the application is consistent with the public interest before granting the certificate. The commission may adopt rules necessary to implement this subsection. This subsection does not apply to a facility that is in service on December 31, 2014.

No equivalent provision.

#### HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 37.051, Utilities Code, is amended by adding Subsections (c-1), (c-2), and (c-3) to read as follows:

(c-1) Notwithstanding any other provision of this title except Section 11.009, and except as provided by Subsection (c-2), a person, including an electric utility or municipally owned utility, may not interconnect a facility to the ERCOT transmission grid that enables additional power to be imported into or exported out of the ERCOT power grid unless the person obtains a certificate from the commission stating that public convenience and necessity requires or will require the interconnection. The person must apply for the certificate not later than the 180th day before the date the person seeks any order from the Federal Energy Regulatory Commission related to the interconnection.

The commission shall apply Section 37.056 in considering an application under this subsection. In addition, the commission must determine that the application is consistent with the public interest before granting the certificate. The commission may adopt rules necessary to implement this subsection. This subsection does not apply to a facility that is in service on December 31, 2014.

(c-2) The commission, not later than the 185th day after the date the application is

filed, shall approve an application filed under Subsection (c-1) for a facility that is to be constructed under an interconnection agreement appended to an offer of settlement approved in a final order of the Federal Energy Regulatory Commission that was issued in Docket No. TX11-01-001 on or before December 31, 2014, directing physical connection between the ERCOT and SERC regions under Sections 210, 211, and 212 of the Federal Power Act (16 U.S.C. Sections 824i, 824j, and 824k). In approving the application, the commission may prescribe reasonable conditions to protect the public interest that are consistent with the final order of the Federal Energy Regulatory Commission.

No equivalent provision.

(c-3) Nothing in Subsection (c-1) or (c-2) is intended to restrict the authority of the commission or the independent organization certified under Section 39.151 for the ERCOT power region to adopt rules or protocols of general applicability.

SECTION 2. This Act takes effect September 1, 2015.

SECTION 2. Same as engrossed version.