

BILL ANALYSIS

C.S.H.B. 1665
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State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties contend that the development of the Mexican electric grid presents opportunities for Texas electric generators to develop new markets. C.S.H.B. 1665 seeks to promote economic export opportunities by setting out provisions relating to an agreement between the operators of the Electric Reliability Council of Texas power grid and an adjacent Mexican power grid in relation to switchable electric generating facilities for cross-border dispatch.

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 this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 1665 amends the Utilities Code to require the Public Utility Commission of Texas (PUC) to approve a binding coordination agreement made between the operators of the Electric Reliability Council of Texas (ERCOT) power grid and an electric power grid in the United Mexican States that is adjacent to the ERCOT power grid that governs the dispatching of energy into the ERCOT power grid and the Mexican power grid from a new switchable electric generating facility that is capable of making all generating units available to serve the ERCOT power grid during an emergency and that is commissioned after September 1, 2017, if the agreement complies with the bill's requirements. The bill authorizes the PUC to impose reasonable conditions on a binding coordination agreement to protect the public interest and sets out the requirements for a binding coordination agreement. The bill requires the PUC to approve a binding coordination agreement filed with the PUC that complies with the bill's requirements not later than the 185th day after the date the agreement is filed. The bill authorizes a binding coordination agreement to limit the provision of service from a unit to the ERCOT power grid during an emergency.

EFFECTIVE DATE

September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1665 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter D, Chapter 39, Utilities Code, is amended by adding Section 39.159 to read as follows:

Sec. 39.159. SWITCHABLE ELECTRIC GENERATING FACILITIES FOR CROSS-BORDER DISPATCH. (a) In this section:

(1) "Load shedding condition" means a temporary condition on a power grid that requires or may require the interruption of firm load.

(2) "Mexican power grid" means the electric power grid in the northeast region of the United Mexican States.

(b) The commission shall adopt rules to encourage the development of switchable electric generating facilities that:

(1) are located in this state; and

(2) consist of multiple electric generating units each of which:

(A) can dispatch into only a single grid at any given time but is capable of synchronizing with and dispatching into the ERCOT power grid and the Mexican power grid at different times; and

(B) may be called on by ERCOT to address a load shedding condition.

(c) The rules must allow and encourage the adoption of a binding coordination agreement by the operators of ERCOT and the Mexican power grid to govern the dispatching of energy into the ERCOT power grid and the Mexican power grid from a switchable electric generating facility described by Subsection (b).

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter D, Chapter 39, Utilities Code, is amended by adding Section 39.159 to read as follows:

Sec. 39.159. SWITCHABLE ELECTRIC GENERATING FACILITIES FOR CROSS-BORDER DISPATCH. (a) In this section:

(1) "Critical load condition" means a temporary condition on a power grid that requires or may require the interruption of firm load.

(2) "Mexican power grid" means an electric power grid in the United Mexican States that is adjacent to the ERCOT power grid.

(3) "Switchable electric generating facility" means an electric generating facility that

consists of one or more units that:

(A) are capable of synchronizing with and dispatching into the ERCOT power grid or the Mexican power grid at different times; and

(B) can each dispatch into only the ERCOT power grid or the Mexican power grid at any given time.

(b) Subject to Subsection (c), the commission shall approve a binding coordination agreement made between the operators of the ERCOT power grid and the Mexican power grid that governs the dispatching of energy into the ERCOT power grid and the Mexican power grid from a new switchable electric generating facility that is capable of making all generating units available to serve the ERCOT power grid during an emergency and that is commissioned after September 1, 2017, if the agreement complies with the requirements of this section.

(c) The commission may impose reasonable conditions on a binding coordination agreement to protect the public interest.

(d) The commission shall approve a binding coordination agreement filed with the commission that complies with the requirements of this section not later than the 185th day after the date the agreement is filed.

(d) For an agreement described by Subsection (c) that requires that a new switchable electric generating facility have a nameplate output at least 35 percent of which is from electric generating units that, under the agreement, are committed to serve the ERCOT power grid to the exclusion of the Mexican power grid during an ERCOT load shedding condition, regardless of whether a load shedding condition exists on the Mexican power grid, the rules must:

(1) provide reasonable assurance that access to an electric generating unit cannot be denied to the operator of the Mexican power grid when the unit is called on by the operator, regardless of whether a load shedding condition exists on the ERCOT power grid, if the unit is not committed under the agreement to serve the ERCOT power grid during a load shedding condition on the ERCOT power grid; and

(2) establish a process for the commission to evaluate an agreement described by Subsection (c) to determine whether the agreement qualifies for the protections described by this subsection.

SECTION 2. The Public Utility Commission of Texas shall adopt rules as are necessary to implement Section 39.159, Utilities Code, as added by this Act, not

(e) A binding coordination agreement must:
(1) require that at least 35 percent of the switchable electric generating facility be

committed to serve the ERCOT power grid to the exclusion of the Mexican power grid during an ERCOT critical load condition, regardless of conditions on the Mexican power grid;

(2) provide reasonable assurance that the remaining nameplate capacity of the switchable electric generating facility cannot be denied to the operator of the Mexican power grid when the facility is called on by the operator of the Mexican power grid, regardless of whether an ERCOT critical load condition exists on the ERCOT power grid, unless the remaining capacity:

(A) has been offered to the ERCOT power grid and is selected by the operator of the ERCOT power grid to provide ancillary services in accordance with Section 35.004(e); or

(B) is otherwise expressly contractually committed to the operator of the ERCOT power grid; and

(3) provide that the owner of the switchable electric generating facility is responsible for any penalties imposed on the operator of the ERCOT power grid by the commission, the Texas Reliability Entity, the Federal Energy Regulatory Commission, or the North American Electric Reliability Corporation for any action taken by the operator of the ERCOT power grid in accordance with Subdivision (2) if the entity imposing the penalty determines that a wrongful action of the switchable electric generating facility caused the violation for which the penalty is imposed.

(f) A binding coordination agreement may limit the provision of service from a unit to the ERCOT power grid during an emergency.

No equivalent provision.

later than March 1, 2018.

SECTION 3. This Act takes effect
September 1, 2017.

SECTION 2. Same as introduced version.