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By:  Hancock S.B. No. 1941

A BILL TO BE ENTITLED

AN ACT

relating to the use of electric energy storage facilities in the ERCOT power region.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  Section 35.151, Utilities Code, is amended to read as follows:

Sec. 35.151.  ELECTRIC ENERGY STORAGE. (a)  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 commission or, for an exempt wholesale generator, on the generator's registration with the Federal Energy Regulatory Commission.

(b)  This subchapter does not apply to ownership or operation of electric energy storage equipment or facilities outside of ERCOT.

SECTION 2.  Subchapter E, Chapter 35, Utilities Code, is amended by adding Section 35.153 to read as follows:

Sec. 35.153.  USE OF ELECTRIC ENERGY STORAGE FACILITIES FOR DISTRIBUTION SYSTEM RELIABILITY. (a)  With prior approval by the commission and to ensure reliable service to retail customers, a transmission and distribution utility may enter into an agreement with a power generation company to provide electricity from an energy storage facility.

(b)  An agreement under Subsection (a) is limited to situations where construction of traditional distribution facilities is not cost-effective when compared to the use of an energy storage facility.

(c)  A transmission and distribution utility must issue a request for proposals to provide electricity from an energy storage facility to meet specific reliability needs.

(d)  The energy storage facility may be used to offer or sell electric energy or ancillary services so long as the power generation company reserves the capacity required by the agreement with the transmission and distribution utility.

(e)  The energy storage facility may be discharged for reliability purposes only when and as directed by the transmission and distribution utility.

(f)  An agreement under Subsection (a) may provide that the energy storage facility owner will reimburse the transmission and distribution utility for an administrative penalty the commission assessed because the facility failed to meet the requirements of the agreement.

(g)  An agreement between a transmission and distribution utility and a power generation company that owns an energy storage facility shall be reviewed in a proceeding under Chapter 36. The transmission and distribution utility has the burden of establishing that the agreement, including associated costs, is reasonable and necessary.

(h)  If a transmission and distribution utility issues a request for proposals to provide electricity from an energy storage facility to meet specific reliability needs and does not receive an offer that meets the requirements of the request for proposals, then, with prior approval by the commission, the transmission and distribution utility may own and operate an energy storage facility to ensure reliable delivery of electricity to retail customers. The total amount of energy storage capacity owned by a single transmission and distribution utility for this purpose may not exceed 10 megawatts.

(i)  A transmission and distribution utility that owns or operates an energy storage facility in accordance with Subsection (h) must purchase the energy to charge the facility from a retail electric provider and sell the energy discharged from the energy storage device to the same retail electric provider.

(j)  An energy storage facility described by Subsection (h) may not be used to offer or sell electric energy or ancillary services except for sales to the retail electric provider that serves the transmission and distribution utility's energy storage facility when needed to ensure reliable service to retail customers.

(k)  A transmission and distribution utility that owns or operates an energy storage facility in accordance with Subsection (h) is not a power generation company.

(l)  The commission shall adopt rules establishing criteria:

(1)  for agreements under Subsection (a), which must include the requirements of Subsections (b)-(f); and

(2)  for ownership and operation of energy storage facilities by transmission and distribution utilities under Subsection (h), including the recovery of associated costs.

SECTION 3.  The Public Utility Commission of Texas shall adopt rules required under Section 35.153, Utilities Code, as added by this Act, as soon as practicable after the effective date of this Act.

SECTION 4.  This Act takes effect September 1, 2019.