

By: Hancock

S.B. No. 1941

A BILL TO BE ENTITLED

AN ACT

relating to 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. This subchapter applies only to the ownership or operation of electric energy storage equipment or facilities in the ERCOT power region that are intended to:

(1) 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; or

(2) provide reliable delivery of electric energy to retail customers.

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

Sec. 35.153. CONTRACTS FOR ELECTRIC ENERGY STORAGE FOR RELIABILITY SERVICES. (a) A transmission and distribution utility, with the approval of the commission, may contract with the owner or operator of an electric energy storage facility to provide electric energy from an electric energy storage facility to ensure

1 reliable service to retail customers.

2 (b) The commission may not authorize ownership of an  
3 electric energy storage facility by a transmission and distribution  
4 utility.

5 (c) Before entering into a contract under Subsection (a),  
6 the transmission and distribution utility must issue a request for  
7 proposals for use of an electric energy storage facility to meet the  
8 utility's reliability needs.

9 (d) A transmission and distribution utility may enter into a  
10 contract under Subsection (a) only if use of an electric energy  
11 storage facility is more cost-effective than construction or  
12 modification of traditional distribution facilities.

13 (e) A transmission and distribution utility may not enter  
14 into a contract under Subsection (a) that reserves an amount of  
15 capacity exceeding the amount of capacity required to ensure  
16 reliable service to the utility's retail customers.

17 (f) An owner or operator of an electric energy storage  
18 facility subject to a contract under Subsection (a) may sell  
19 electric energy or ancillary services through use of the facility  
20 only to the extent that the owner or operator reserves capacity as  
21 required by the contract.

22 (g) An owner or operator of an electric energy storage  
23 facility subject to a contract under Subsection (a) may not  
24 discharge the facility for reliability purposes unless directed by  
25 the transmission and distribution utility.

26 (h) A contract under Subsection (a) must require an owner or  
27 operator of an electric energy storage facility to reimburse a

1 transportation and distribution utility for the cost of  
2 administrative penalties assessed against the utility for a  
3 violation caused by the facility's failure to meet the requirements  
4 of the agreement.

5 (i) In establishing the rates of a transmission and  
6 distribution utility, a regulatory authority shall review a  
7 contract between the utility and an owner or operator of an electric  
8 energy storage facility under Subsection (a). The utility has the  
9 burden of proof to establish that the costs of the contract are  
10 reasonable and necessary. The regulatory authority may authorize a  
11 transmission and distribution utility to earn a reasonable return  
12 on the present value of future payments required under the  
13 contract.

14 (j) The total amount of electric energy storage capacity  
15 reserved by contracts under Subsection (a) may not exceed 40  
16 megawatts. The commission shall by rule establish the maximum  
17 amount of electric energy storage capacity allotted to each  
18 transmission and distribution utility.

19 (k) The commission shall adopt rules as necessary to  
20 implement this section and establish criteria for approving  
21 contracts under Subsection (a).

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

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