

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.

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

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

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

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

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

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

26 (h) If a transmission and distribution utility issues a
27 request for proposals to provide electricity from an energy storage

1 facility to meet specific reliability needs and does not receive an
2 offer that meets the requirements of the request for proposals,
3 then, with prior approval by the commission, the transmission and
4 distribution utility may own and operate an energy storage facility
5 to ensure reliable delivery of electricity to retail customers.
6 The total amount of energy storage capacity owned by a single
7 transmission and distribution utility for this purpose may not
8 exceed 10 megawatts.

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

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

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

23 (l) The commission shall adopt rules establishing criteria:

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

26 (2) for ownership and operation of energy storage
27 facilities by transmission and distribution utilities under

1 Subsection (h), including the recovery of associated costs.

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

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