

By: Patterson

H.B. No. 218

A BILL TO BE ENTITLED

AN ACT

1
2 relating to electricity pricing rules and operating procedures that
3 eliminate or compensate for market distortion caused by certain
4 federal tax credits.

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

6 SECTION 1. Subchapter D, Chapter 39, Utilities Code, is
7 amended by adding Section 39.166 to read as follows:

8 Sec. 39.166. MARKET DISTORTION RESPONSE. (a) The
9 commission and the ERCOT independent system operator shall adopt
10 rules, operating procedures, and protocols to eliminate or
11 compensate for any distortion in electricity pricing in the ERCOT
12 power region caused by a federal tax credit provided under 26 U.S.C.
13 Section 45.

14 (b) Rules, operating procedures, and protocols adopted
15 under this section must ensure that costs imposed on the system by
16 the sale of electricity that is eligible for a federal tax credit
17 provided under 26 U.S.C. Section 45, including costs of maintaining
18 sufficient capacity to serve load at the summer peak demand caused
19 by the loss of new investment from below-market prices, are paid by
20 the parties that impose the costs.

21 (c) In conjunction with adopting rules, operating
22 procedures, and protocols under this section, the commission and
23 the ERCOT independent system operator shall eliminate any rules,
24 operating procedures, or protocols that attempt to adjust

1 electricity prices to reflect the value of reserves at different
2 reserve levels based on the probability of reserves falling below
3 the minimum contingency level and the value of lost load.

4 SECTION 2. This Act takes effect on the 91st day after the
5 last day of the legislative session.