

BILL ANALYSIS

S.B. 1282
By: Hancock
State Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, the costs arising from the interconnection of certain electric generation facilities with the ERCOT transmission system are socialized and paid for by Texas consumers while the interconnecting generator bears none of the costs. Because generators do not pay for interconnection costs, they are not incentivized to look for the best locations to efficiently interconnect new resources and instead often opt for cheap land that is far from the consumers they wish to serve, thus causing millions of dollars of costs to the system for all consumers. It has been noted that outside of the ERCOT region this practice is less common and generators are often made to bear some or all of the costs associated with the interconnection of their generation assets. Because there are about \$1 billion of interconnection costs associated with pending generation projects in the ERCOT queue, it is essential that reform is undertaken so that Texas consumers are not forced to bear the totality of these costs. S.B. 1282 seeks to provide for a cap on the amount of capital costs incurred to interconnect generation resources and electric energy storage resources with the ERCOT transmission system that may be socialized and require that any excess costs be borne directly by the applicable generation resource or electric energy storage resource.

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 rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 of this bill.

ANALYSIS

S.B. 1282 amends the Utilities Code to require the Public Utility Commission of Texas (PUC) by rule to establish a reasonable allowance for capital costs incurred to interconnect generation resources and electric energy storage resources that are considered generation assets with the ERCOT transmission system, which must include the costs of the direct interconnection of the generator to the system and upgrades directly caused by the interconnection. Any costs that exceed the allowance must be borne directly by the generation resource or electric energy storage resource receiving interconnection service through the facilities. The bill clarifies that costs that exceed the allowance are excluded from the PUC calculation for pricing wholesale transmission services within ERCOT.

EFFECTIVE DATE

September 1, 2021.