

BILL ANALYSIS

Senate Research Center
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S.B. 1479
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Smaller generation and storage facilities (1-10 MWs) are a growing part of the ERCOT energy market. While some of these resources principally serve individual customer load or as back-ups to the grid, others have been added to the grid at the distribution level. Examples of this "distributed generation" include storage facilities, solar facilities, and gas or diesel engines. During Winter Storm Uri small-scale natural gas generators kept the lights on for many essential properties such as grocery stores. Overall, increased utilization of distributed generation has the potential to significantly increase grid reliability and efficiency.

Under current rules at the Public Utility Commission of Texas (PUC) and ERCOT, distributed generation resources with 1-10 MW of generation capacity must comply with certain interconnection standards. Developers of distributed energy technology have been engaged in the PUC and ERCOT stakeholder process to develop rules for integration of distributed energy technology within ERCOT. Unfortunately, rules around full integration have not yet been developed, and only a "settlement-only" distributed energy protocol has been developed by ERCOT, which allows these resources to be paid a settlement price but not to be fully integrated into the market.

While many developers may not wish to be heavily involved in the ERCOT market, creating this market option will develop local energy solutions located close to load. This could include both smaller gas and diesel plants located near industrial sources, but also community solar projects, storage, and combinations of resources.

S.B. 1479 would instruct the PUC to draft rules to allow for full market participation of distributed generation resources. Rules should address the various technical considerations of incorporating distributed generation and be tailored to the unique qualities of smaller-scale generation. S.B. 1479 requires that rulemaking be complete by January 1, 2023, providing ample time for the PUC to work through the details.

As proposed, S.B. 1479 amends current law relating to the participation of distributed energy resources in the ERCOT market.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 (Section 39.9165, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter Z, Chapter 39, Utilities Code, by adding Section 39.9165, as follows:

Sec. 39.9165. PARTICIPATION OF DISTRIBUTED ENERGY RESOURCES IN THE MARKET. (a) Defines "distributed energy resource" as a generation resource that provides generation, storage, or both, is interconnected at or below 60 kilovolts, and operates in parallel with the distribution system.

(b) Requires the Public Utility Commission of Texas (PUC) by rule to allow a person who owns or operates a distributed energy resource with an installed capacity of 10 megawatts or less to participate in the ancillary and wholesale energy market in the ERCOT power region.

(c) Requires the PUC, in allowing for the participation of a person who owns or operates a distributed energy resource to participate under Subsection (b), to adopt interconnection, registration, qualification, telemetry, data submission, and compliance requirements that are less rigorous than requirements for a generation resource that is not a distributed energy resource.

(d) Requires the PUC to allow a person to aggregate distributed energy resources that are geographically linked to an electric bus or node for participation as an aggregated resource in the ancillary and wholesale energy market in the ERCOT power region.

SECTION 2. Requires the PUC to adopt the rules required by Section 39.9165, Utilities Code, as added by this Act, not later than September 1, 2023.

SECTION 3. Effective date: September 1, 2021.