

1-1 By: Hancock S.B. No. 415
1-2 (In the Senate - Filed January 25, 2021; March 9, 2021, read
1-3 first time and referred to Committee on Business & Commerce;
1-4 March 31, 2021, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 9, Nays 0; March 31, 2021,
1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 415 By: Hancock

1-19 A BILL TO BE ENTITLED
1-20 AN ACT

1-21 relating to use of electric energy storage facilities in the ERCOT
1-22 power region.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Section 35.151, Utilities Code, is amended to
1-25 read as follows:

1-26 Sec. 35.151. ELECTRIC ENERGY STORAGE. This subchapter
1-27 applies only to the ownership or operation of electric energy
1-28 storage equipment or facilities in the ERCOT power region that are
1-29 intended to:

1-30 (1) provide energy or ancillary services at wholesale,
1-31 including electric energy storage equipment or facilities listed on
1-32 a power generation company's registration with the commission or,
1-33 for an exempt wholesale generator, on the generator's registration
1-34 with the Federal Energy Regulatory Commission; or

1-35 (2) provide reliable delivery of electric energy to
1-36 distribution customers.

1-37 SECTION 2. Subchapter E, Chapter 35, Utilities Code, is
1-38 amended by adding Section 35.153 to read as follows:

1-39 Sec. 35.153. CONTRACTS FOR ELECTRIC ENERGY STORAGE FOR
1-40 RELIABILITY SERVICES. (a) A transmission and distribution
1-41 utility, with prior approval of the commission, may contract with a
1-42 power generation company to provide electric energy from an
1-43 electric energy storage facility to ensure reliable service to
1-44 distribution customers.

1-45 (b) The commission may not authorize ownership of an
1-46 electric energy storage facility by a transmission and distribution
1-47 utility.

1-48 (c) Before entering into a contract under Subsection (a),
1-49 the transmission and distribution utility must issue a request for
1-50 proposals for use of an electric energy storage facility to meet the
1-51 utility's reliability needs.

1-52 (d) A transmission and distribution utility may enter into a
1-53 contract under Subsection (a) only if use of an electric energy
1-54 storage facility is more cost-effective than construction or
1-55 modification of traditional distribution facilities.

1-56 (e) A transmission and distribution utility may not enter
1-57 into a contract under Subsection (a) that reserves an amount of
1-58 capacity exceeding the amount of capacity required to ensure
1-59 reliable service to the utility's distribution customers.

1-60 (f) A power generation company that owns or operates an

2-1 electric energy storage facility subject to a contract under
2-2 Subsection (a) may sell electric energy or ancillary services
2-3 through use of the facility only to the extent that the company
2-4 reserves capacity as required by the contract.

2-5 (g) A power generation company that owns or operates an
2-6 electric energy storage facility subject to a contract under
2-7 Subsection (a) may not discharge the facility to satisfy the
2-8 contract's requirements unless directed by the transmission and
2-9 distribution utility.

2-10 (h) A contract under Subsection (a) must require a power
2-11 generation company that owns or operates an electric energy storage
2-12 facility to reimburse a transmission and distribution utility for
2-13 the cost of an administrative penalty assessed against the utility
2-14 for a violation caused by the facility's failure to meet the
2-15 requirements of the agreement.

2-16 (i) In establishing the rates of a transmission and
2-17 distribution utility, a regulatory authority shall review a
2-18 contract between the utility and a power generation company under
2-19 Subsection (a). The utility has the burden of proof to establish
2-20 that the costs of the contract are reasonable and necessary. The
2-21 regulatory authority may authorize a transmission and distribution
2-22 utility to include a reasonable return on the payments required
2-23 under the contract only if the contract terms satisfy the relevant
2-24 accounting standards for a capital lease or finance lease.

2-25 (j) The total amount of electric energy storage capacity
2-26 reserved by contracts under Subsection (a) may not exceed 100
2-27 megawatts. The commission shall by rule establish the maximum
2-28 amount of electric energy storage capacity allotted to each
2-29 transmission and distribution utility.

2-30 (k) The commission shall adopt rules as necessary to
2-31 implement this section and establish criteria for approving
2-32 contracts under Subsection (a).

2-33 SECTION 3. The Public Utility Commission of Texas shall
2-34 adopt rules required by Section 35.153, Utilities Code, as added by
2-35 this Act, as soon as practicable after the effective date of this
2-36 Act.

2-37 SECTION 4. This Act takes effect September 1, 2021.

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