

Amend CSHB 1500 (senate committee printing) as follows:

(1) In SECTION 16 of the bill, strike added Sections 39.1591, 39.1592, and 39.1593, Utilities Code (page 6, line 65 through page 8, line 30) and substitute the following:

Sec. 39.1591. REPORT ON DISPATCHABLE AND NON-DISPATCHABLE GENERATION FACILITIES. Not later than December 1 of each year, the commission shall file a report with the legislature that:

(1) includes:

(A) the estimated annual costs incurred by load serving entities under this subchapter associated with firming dispatchable and non-dispatchable electric generation facilities to guarantee that a firm amount of electric energy will be provided for the ERCOT power grid; and

(B) as calculated by the independent system operator, the cumulative annual costs that have been incurred in the ERCOT market to facilitate the transmission of dispatchable and non-dispatchable electricity to load and to interconnect transmission level loads, including a statement of the total cumulative annual costs and of the cumulative annual costs incurred for each type of activity described by this paragraph;

(2) documents the status of the implementation of this subchapter, including whether the rules and protocols adopted to implement this subchapter have materially improved the reliability, resilience, and transparency of the electricity market; and

(3) includes recommendations for any additional legislative measures needed to empower the commission to implement market reforms to ensure that market signals are adequate to preserve existing dispatchable generation and incentivize the construction of new dispatchable generation sufficient to maintain reliability standards for at least five years after the date the report is filed.

Sec. 39.1592. GENERATION RELIABILITY REQUIREMENTS FOR CERTAIN FACILITIES. (a) This section applies only to an electric generation facility that is interconnected in the ERCOT power region on or after January 1, 2026, has been in operation for at least one year, and is not a self-generator.

(b) Not later than December 1 of each year, the owner or operator of each electric generation facility, other than a battery energy storage resource, shall demonstrate to the commission the ability of the facility to operate or be available to operate when called on for dispatch at or above the facility's seasonal average generation capability during the highest net load hours, as determined by the commission. The facilities must be allowed to meet the performance requirements described by this subsection by supplementing or contracting with on-site or off-site resources, including battery energy storage resources. The commission shall determine each electric generation facility's average generation capability based on expected resource availability and seasonal-rated capacity on a standalone basis.

(c) The commission shall require the independent organization certified under Section 39.151 for the ERCOT power region to:

(1) enforce the requirements of Subsection (b) by imposing financial penalties for failing to comply with the performance requirements described by that subsection; and

(2) provide financial incentives for exceeding the performance requirements described by that subsection.

(d) The independent organization certified under Section 39.151 for the ERCOT power region may not impose penalties under Subsection (c):

(1) for resource unavailability due to planned maintenance outages or physical transmission outages; or

(2) on resources that are already subject to performance obligations under the day-ahead market rules or other reliability or ancillary services established by the commission or the independent organization.

Sec. 39.1593. COST ALLOCATION OF RELIABILITY SERVICES. (a) The commission shall hold hearings and perform an evaluation to determine whether allocating the costs of ancillary and reliability services, including those procured under Section 39.159, as added by Chapter 426 (S.B. 3), Acts of the 87th Legislature, Regular Session, 2021, using a methodology described by Subsection (b) would result in a net savings to consumers in the ERCOT power region

compared to allocating all costs of ancillary and reliability services to load to ensure reliability associated with both operational and reserve capacity. The commission shall make the determination not later than December 1, 2026, and implement the cost allocation method that would result in the largest net savings to customers in the ERCOT power region as soon as practicable after that date.

(b) The commission shall evaluate whether to allocate the cost of ancillary services and reliability services:

(1) on a semiannual basis among generation facilities, non-dispatchable generation facilities, and load serving entities in proportion to their contribution to unreliability during the highest net load hours in the preceding season, as determined by the commission based on a number of hours adopted by the commission for that season; or

(2) using another method identified by the commission.

(c) A cost allocation method implemented under this section applies only to a generation facility or load serving entity that has participated in the ERCOT market for at least one year, including a load serving entity whose parent company or affiliate has participated in the ERCOT market for at least one year.

(d) A cost allocation method implemented under this section does not apply to electric energy storage.

(2) In SECTION 32 of the bill (page 13, lines 51 and 52), strike "the method of cost allocation provided by Section 39.1593(c)," and substitute "methods of cost allocation described by Section 39.1593,".