

Amend CSHB 1500 (senate committee printing) by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION __. Section 35.004, Utilities Code, is amended by amending Subsection (d) and adding Subsections (d-1), (d-2), and (d-3) to read as follows:

(d) The commission shall price wholesale transmission services within ERCOT based on the postage stamp method of pricing under which a transmission-owning utility's rate is based on the ERCOT utilities' combined annual costs of transmission, other than costs described by Subsections (d-2) and (d-3), divided by the total demand placed on the combined transmission systems of all such transmission-owning utilities within a power region. An electric utility subject to the freeze period imposed by Section 39.052 may treat transmission costs in excess of transmission revenues during the freeze period as an expense for purposes of determining annual costs in the annual report filed under Section 39.257. Notwithstanding Section 36.201, the commission may approve wholesale rates that may be periodically adjusted to ensure timely recovery of transmission investment. Notwithstanding Section 36.054(a), if the commission determines that conditions warrant the action, the commission may authorize the inclusion of construction work in progress in the rate base for transmission investment required by the commission under Section 39.203(e).

(d-1) The commission by rule shall establish a reasonable allowance for transmission-owning utility costs incurred to interconnect generation resources directly with the ERCOT transmission system at transmission voltage. The allowance must take into account:

- (1) the potential to reduce the costs to consumers of generation interconnection;
- (2) historical generation interconnection costs; and
- (3) any other factor that the commission considers reasonable to accomplish the goal of this subsection.

(d-2) Costs in excess of the transmission-owning utility allowance provided by Subsection (d-1) incurred to interconnect generation resources with the ERCOT transmission system must be

directly assigned to and collected from the generation resource interconnecting through the facilities.

(d-3) Not later than September 1 of every fifth year, the commission shall review and may adjust the allowance provided by Subsection (d-1) to account for inflation or supply chain issues.

SECTION __. The Public Utility Commission of Texas is not required to conduct the first review of an allowance under Section 35.004(d-3), Utilities Code, as added by this Act, until the fifth year after the adoption of the rules required by Section 35.004(d-1), Utilities Code, as added by this Act.

Section __. The Public Utility Commission of Texas shall adopt rules as necessary to implement the changes in law made by this Act to Section 35.004, Utilities Code, not later than the 180th day after the effective date of this Act.

SECTION __. The changes in law made by this Act to Section 35.004, Utilities Code, apply only to an electric generation facility that executes a standard generator interconnection agreement with a transmission-owning utility after December 31, 2025.