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| BILL ANALYSIS |

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| C.S.S.B. 1929 |
| By: Johnson |
| State Affairs |
| Committee Report (Substituted) |

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| **BACKGROUND AND PURPOSE**  Computing facilities used to mine virtual currencies pose a specific challenge to the electric grid because they can connect to the grid quickly, use large amounts of electricity, and ramp up and down more quickly than traditional industrial loads. To ensure ERCOT can properly manage the electric grid, additional information on the existence of these facilities is needed. Accordingly, C.S.S.B. 1929 seeks to provide for the registration of virtual currency mining facilities in the ERCOT power region that demand a large load of interruptible power. |
| **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**  C.S.S.B. 1929 amends the Utilities Code to require the Public Utility Commission of Texas (PUC) by rule to require a person operating a virtual currency mining facility who enters into an agreement for retail electric service in the ERCOT power region to register the facility receiving service as a large flexible load if the facility load is interruptible and the person anticipates that the facility will require a total load of more than 75 megawatts before the second anniversary of the date the agreement begins. The adopted rules must require such a person to register the large flexible load with the PUC not later than one business day after the date the agreement begins and to provide the PUC with the location of the facility and the anticipated demand from the facility for the five-year period beginning on the date of the registration.  C.S.S.B. 1929 requires the PUC to adopt by rule criteria for determining whether a load is interruptible for purposes of the bill's provisions based on whether it is possible for the facility operator to choose to interrupt the load and to establish by rule a method to ensure compliance with the bill's provisions. The bill authorizes the PUC to share with ERCOT large flexible load registration information.  C.S.S.B. 1929 defines "virtual currency mining facility" as a facility that uses electronic equipment to add virtual currency transactions to a distributed ledger and defines "virtual currency" by reference as a digital representation of value that is used as a medium of exchange, unit of account, or store of value and is not legal tender, whether or not denominated in legal tender, but specifically excluding the following:   * a transaction in which a merchant grants, as part of an affinity or rewards program, value that cannot be taken from or exchanged with the merchant for legal tender, bank credit, or virtual currency; or * a digital representation of value issued by or on behalf of a publisher and used solely within an online game, game platform, or family of games sold by the same publisher or offered on the same game platform. |
| **EFFECTIVE DATE**  September 1, 2023. |
| **COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE**  While C.S.S.B. 1929 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the bill.  The substitute omits all provisions from the engrossed other than the effective date. Those provisions authorized ERCOT to do the following:   * require a person seeking to receive retail electric service for a computing facility that requires a large, flexible electrical load or that ERCOT anticipates will require a large, flexible electrical load to register the facility with ERCOT and provide to ERCOT certain information reasonably necessary for ERCOT to carry out its functions regarding the market structure; and * adopt a ramping threshold, a consumption threshold, or other standard for determining whether an electrical load is large and flexible for those purposes.   Instead, the substitute includes provisions that do the following:   * require the PUC by rule to require a person operating a virtual currency mining facility who enters into an agreement for retail electric service in the ERCOT power region to register the facility receiving service as a large flexible load under certain conditions; * require the adopted rules to require such a person to register the large flexible load with the PUC not later than one business day after the date the agreement begins and to provide the PUC with the location of the facility and the anticipated demand from the facility for the five-year period beginning on the date of the registration; and * require the PUC to adopt by rule criteria for determining whether a load is interruptible based on whether it is possible for the facility operator to choose to interrupt the load and to establish by rule a method to ensure compliance with large flexible load registration.   The substitute includes provisions absent from the engrossed authorizing the PUC to share registration information with ERCOT and defining "virtual currency mining facility" and "virtual currency." |
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