BILL ANALYSIS

C.S.H.B. 2848
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State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Transmission grid congestion presents a growing problem for the ERCOT power grid. The ERCOT Independent Market Monitor estimates that congestion cost Texans $2.8 billion in 2022. Moreover, most of the focus is on the need for building certain types of generation in Texas. However, simply adding additional generation assets in Texas does nothing to help Texans if we do not also build the corresponding and necessary transmission line infrastructure needed to facilitate the movement of the power across Texas. It is critical to deliver power to high-growth, high-demand areas of Texas in a more efficient manner. C.S.H.B. 2848 seeks to optimize and improve the current process for obtaining a certificate of convenience and necessity from the Public Utility Commission of Texas for new transmission projects in Texas with a focus on delivering statewide transmission infrastructure solutions for high growth areas and areas experiencing rapid growth in power demand.

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 this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2848 amends the Utilities Code to expedite the processing of applications for certificates of public convenience and necessity for new transmission facilities by changing the general deadline for the Public Utility Commission of Texas (PUC) to approve or deny an application from the first anniversary of the date the application is filed to the 181st day after the filing date.

C.S.H.B. 2848 specifies that, with respect to the requirement for the PUC, in considering the need for additional service when determining whether to approve or deny a certificate of public convenience and necessity for a reliability transmission project that serves the ERCOT power region, to consider specifically the historical load, forecasted load growth, and additional load currently seeking interconnection, the additional load currently seeking interconnection includes load for which the electric utility has yet to sign an interconnection agreement, as determined by the electric utility with the responsibility for serving the load.

C.S.H.B. 2848 expands the requirements for the criteria the PUC uses for granting a certificate of convenience and necessity for a transmission project that serves the ERCOT power region, that is not necessary to meet state or federal reliability standards, and that is not included in a plan for constructing transmission capacity necessary to deliver electric output to customers

from renewable energy technologies in the competitive renewable energy zones to include requirements for the criteria to do the following:

- address the following:
    - other benefits of the transmission project aside from estimated cost savings, including deferral of reliability upgrade costs, reduction of transmission system losses, and reduction of operating reserve costs;
    - solutions to relieve generic transmission constraints;
    - potential for increasing transmission system reliability, resiliency, and operational flexibility;
    - potential for minimizing outage moratoria and transmission system congestion by employing planning criteria that include contingencies for a planned outage followed by an unplanned outage under peak conditions; and
    - the operational benefits and reduced impacts on affected landowners of constructing new transmission lines operating at or below 345 kilovolts as double circuit capable lines;
- evaluate the project's costs on a levelized basis over the project's life and the project's benefits on a levelized basis over the project's life or the longest period determined to be reasonable by the PUC; and
- in high growth areas and areas experiencing or expected to experience rapid growth in power demand, including coastal regions; oil and gas producing, processing, or refining regions; and semiconductor manufacturing regions, prioritize the development of additional sufficient transmission capacity to provide flexibility to serve new load.

The bill requires the PUC, for such a project, to require all new transmission lines operating at or below 345 kilovolts to be constructed as double circuit capable lines unless the electric utility requests an exception.

C.S.H.B. 2848 requires the applicant for a transmission project in high growth areas and areas experiencing or expected to experience rapid growth in power demand to submit a copy of the application to ERCOT. The bill requires ERCOT to review and provide the PUC with recommendations regarding the application not later than the 90th day after the date the application is received. If ERCOT fails to provide its recommendations before the 91st day after the date the application is received, the PUC must consider the transmission project to be a project that meets the need for additional service.

C.S.H.B. 2848 applies only to a proceeding affecting a certificate of public convenience and necessity that commences on or after the bill's effective date.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 2848 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute, with respect to the criteria the PUC uses for granting a certificate of convenience and necessity for a transmission project that serves the ERCOT power region, that is not necessary to meet state or federal reliability standards, and that is not included in a plan for constructing transmission capacity necessary to deliver electric output to customers from renewable energy technologies in the competitive renewable energy zones, revises the requirement from the introduced for the criteria to address the operational benefits and reduced impacts on affected landowners of constructing new transmission lines operating below 345 kilovolts as double circuit capable lines by requiring the criteria to instead address the benefits of constructing the lines at or below 345 kilovolts as double circuit capable lines. Moreover, the

substitute revises the provision in the introduced requiring the PUC to require all new transmission lines for such a transmission project that are operating at 345 kilovolts to be constructed as double circuit capable lines to make this requirement applicable with respect to lines operating both at or below 345 kilovolts.

The substitute revises the requirement in the introduced for the aforementioned criteria, with respect to high growth areas experiencing rapid growth in power demand, to consider loads under signed interconnection agreements with the transmission service provider and the transmission service provider's forecast of high confidence load that is not under a signed interconnection agreement and to prioritize the addition of load serving capability onto the transmission system in order to serve load growth in a timely fashion by doing the following:

- expanding the applicability of the provision to include areas expected to experience rapid growth in power demand;
- changing the areas specifically stated to be included among those to which the provision applies from coastal port areas, oil and gas producing and processing areas, and the Lower Rio Grande Valley, as in the introduced, to coastal regions; oil and gas producing, processing, or refining regions; and semiconductor manufacturing regions; and
- changing the required action to prioritizing the development of additional and sufficient transmission capacity to provide flexibility to serve new load.

The substitute includes a provision that was not in the introduced specifying that, with respect to the requirement for the PUC, in considering the need for additional service when determining whether to approve or deny a certificate of public convenience and necessity for a reliability transmission project that serves the ERCOT power region, to consider specifically the historical load, forecasted load growth, and additional load currently seeking interconnection, the additional load currently seeking interconnection includes load for which the electric utility has yet to sign an interconnection agreement, as determined by the electric utility with the responsibility for serving the load.

The substitute includes provisions not in the introduced requiring certain applicants for a certificate of necessity and convenience to submit a copy of the application to ERCOT and requiring ERCOT to review and provide the PUC with recommendations regarding the application.