

BILL ANALYSIS

Senate Research Center
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H.B. 5066
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The current process for building transmission to serve customer growth is not keeping up with the demand. This is particularly a problem in areas of the state with heavy oil and gas development but also in areas experiencing rapid growth from all customer classes.

Currently, ERCOT does not count large new loads in their planning process until they have provided financial security, which is usually relatively close to when the customer wants power and does not facilitate long lead-time transmission projects. Furthermore, while ERCOT currently imposes limits on the utilities' load forecasts, many existing loads are electrifying their facilities, which creates a new electrical demand on a short timeline. If a large number of customers want power at once, this could require a new transmission project to come online, potentially taking years and leaving customers waiting for power in the meantime.

ERCOT currently plans the grid reactively so that transmission improvements typically occur only after customer load exists, which leads to utilities constantly falling behind in their planning and leaves customers waiting for electricity. H.B. 5066 attempts to spur a bolder, more proactive approach that better syncs the transmission planning and construction process with the dynamic needs of Texas customers by requiring ERCOT, the Public Utility Commission of Texas, and utilities to plan the grid more proactively based on the information utilities have about load growth in their area.

H.B. 5066 amends current law relating to electricity service in areas of this state with a need for transmission projects.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 37.056(c) and (c-1), Utilities Code, as follows:

(c) Requires the Public Utility Commission of Texas (PUC) to grant each certificate on a nondiscriminatory basis after considering:

(1)-(3) makes no changes to these subdivisions; and

(4) other factors, such as:

(A)-(E) makes no changes to these paragraphs; and

(F) the need for extending transmission service where existing or projected electrical loads will be underserved, including where:

(i) the existing transmission service is unreasonably remote;

(ii) the available capacity is unreasonably limited at transmission or distribution voltage level; or

(iii) the electrical load cannot be interconnected in a timely manner, rather than to the extent applicable, the effect of granting the certificate on the ability of this state to meet the goal established by Section 39.904(a) (relating to providing that it is the intent of the legislature that an additional 5,000 megawatts of generating capacity from renewable energy technologies will have been installed in the state by January 1, 2015) of Title 2 (Public Utility Regulatory Act).

(c-1) Requires the PUC, in considering the need for additional service under Subsection (c)(2) (relating to requiring the PUC to grant each certificate on a nondiscriminatory basis after considering the need for additional service) for a reliability transmission project that serves the ERCOT power region or under Subsection (c)(4)(F), to consider the historical load, forecasted load growth, and additional load currently seeking interconnection, including 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.

SECTION 2. Amends Section 37.057, Utilities Code, as follows:

Sec. 37.057. DEADLINE FOR APPLICATION FOR NEW TRANSMISSION FACILITY. Requires the PUC to approve or deny an application for a certificate for a new transmission facility not later than the 180th day after the date the application is filed, rather than not later than the first anniversary of the date the application is filed.

SECTION 3. Amends Subchapter D, Chapter 39, Utilities Code, by adding Sections 39.166 and 39.167, as follows:

Sec. 39.166. RELIABILITY PLAN FOR REGIONS WITH RAPID ELECTRICAL LOAD GROWTH. Requires the PUC to develop and implement a reliability plan to serve existing and forecasted electrical load in the identified region if the PUC identifies a region in which transmission capacity is insufficient to meet the region's existing and forecasted electrical load, as reasonably determined by the certified transmission service provider. Requires that the reliability plan ensure timely planning, identification, and approval of necessary transmission service improvements under existing rules.

Sec. 39.167. RELIABILITY PLAN FOR PERMIAN BASIN. (a) Requires the PUC to develop a reliability plan under Section 39.166 for the Permian Basin region, not later than January 30, 2024.

(b) Requires that the plan:

- (1) address extending transmission service to areas where mineral resources have been found;
- (2) address increasing available capacity to meet forecasted load for the next decade; and
- (3) provide available infrastructure to reduce interconnection times in areas without access to transmission service.

(c) Provides that this section expires September 1, 2025.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: upon passage or September 1, 2023.