

BILL ANALYSIS

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S.B. 1002
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Electric Reliability Council of Texas (ERCOT) estimates Texas will have 1 million electric vehicles on the road by 2028. As a result, the Texas Department of Transportation has adopted the Texas Electric Vehicle Infrastructure Plan, in consultation with the Public Utility Commission of Texas (PUC), ERCOT, Texas Commission on Environmental Quality, State Energy Conservation Office, Texas Parks and Wildlife, Councils of Government, counties, metropolitan planning organizations, utilities, energy service providers, and advocacy groups in Texas, to ensure that all Texans can travel across our vast state, regardless of what powers their vehicle. The \$408 million in federal dollars allocated for this plan, combined with the variety of private and public industries already making infrastructure investments because of Texas's business-friendly policies, will stimulate the growth of electric vehicle charging infrastructure. A charging provider market framework is necessary to encourage private businesses and entrepreneurs to continue to invest as the industry expands.

S.B. 1002 seeks to build a framework designed to meet projected demand and promote charging infrastructure investments by property and business owners, while protecting Texas consumers from runaway electricity costs. The bill recognizes there are important roles for electric utilities, transmission and distribution utilities, competitive entities, and the PUC to fulfill in supporting the growth of infrastructure for electric vehicle charging while establishing a regulatory framework that prioritizes the Texas consumer as the various entities participate in the market.

As proposed, S.B. 1002 amends current law relating to the operation of electric vehicle charging stations.

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 Subtitle B, Title 2, Utilities Code, by adding Chapter 42, as follows:

CHAPTER 42. ELECTRIC VEHICLE CHARGING

Sec. 42.0101. LEGISLATIVE FINDINGS. (a) Provides that the legislature finds that it is in the best interests of this state to continue the longstanding policy of robust competition through the free market by establishing a framework designed to encourage competitive private sector investment in the deployment of electric vehicle charging stations.

(b) Provides that the legislature finds that encouraging private sector investment in the deployment of electric vehicle charging stations is essential to foster the rapid installation and widespread use of electric vehicle charging stations on property whose owners or tenants desire to make such an investment.

(c) Provides that the legislature finds that it is necessary to:

- (1) implement competitively neutral policies to encourage competitive private sector investment in electric vehicle charging station deployment;
- (2) develop and implement competitively neutral electricity tariffs aimed at and optimized for the low-cost operation of electric vehicle charging stations while ensuring transparency in pricing; and
- (3) encourage competitive private investment, ownership, and operation of electric vehicle charging stations, including equipment that allows for fast charging.

Sec. 42.0102. DEFINITIONS. Defines "direct-current fast charging station," "electric vehicle," "electric vehicle charging provider," "electric vehicle charging station," "level two charging station," and "make-ready infrastructure."

Sec. 42.0103. ELECTRIC UTILITIES. (a) Provides that an electric utility or transmission and distribution utility:

- (1) is prohibited from directly providing retail electricity charging service from an electric vehicle charging station;
- (2) is prohibited from including an electric vehicle charging station for recovery through rates approved by the Public Utility Commission of Texas (PUC);
- (3) is authorized to provide retail electricity charging service from an electric vehicle charging station through a separate affiliate that is:
 - (A) not subject to regulation by the PUC; and
 - (B) subject to prohibitions on market power abuse, cross-subsidizations, and preferential treatment between regulated and competitive activities described by Section 39.157(d) (relating to requiring the PUC to adopt rules and enforcement procedures to govern transactions or activities between a transmission and distribution utility and its competitive affiliates); and
- (4) consistent with the requirements of Subchapter B (Prohibitions on Preferences and Discrimination), Chapter 38, and Section 39.157(d)(3) (relating to requiring that the PUC rules ensure that a utility providing electric transmission or distribution services meets certain requirements), is required to offer the same nondiscriminatory rates, terms, and conditions offered to the affiliate described by Subdivision (3) to other electric vehicle charging providers in the utility's service area for the operation of electric vehicle charging stations.

(b) Prohibits an affiliate of an electric utility or transmission and distribution utility that provides, owns, operates, or maintains electric vehicle charging stations and is not subject to regulation by the PUC from being subsidized by any rate or charge for any regulated services provided by an electric utility or transmission and distribution utility.

(c) Provides that this section does not prohibit an electric utility or transmission and distribution utility from subsidizing the costs of make-ready infrastructure through rates or charges for services provided by the electric utility's or transmission and distribution utility's regulated services.

SECTION 2. Provides that Section 42.0103(b), Utilities Code, as added by this Act, applies only to a rate or charge imposed after January 1, 2024.

SECTION 3. Effective date: September 1, 2023.