

BILL ANALYSIS

S.B. 1287
By: King
State Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, the costs arising from the interconnection of certain electric generation facilities with the ERCOT transmission system are combined and paid for by consumers. S.B. 1287 seeks to provide for a cap on the amount of costs incurred to interconnect generation resources directly with the ERCOT transmission system by establishing a reasonable allowance calculation that is designed to lower the cost to consumers, encourage generation resources to locate closer to the load, and allocate costs in excess of the allowance to the interconnecting generation resource.

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

S.B. 1287 amends the Utilities Code to require the Public Utility Commission of Texas (PUC) to establish by rule a reasonable allowance to be applied on a per megawatt basis for costs incurred to interconnect generation resources directly with the ERCOT transmission system at transmission voltage, including costs of utility interconnection facilities. The allowance must be designed to lower costs to consumers and encourage owners of generation resources to locate the resources closer to load and take the following into account:

- average historical dispatchable generation interconnection costs; and
- the reliability impact to the grid of the interconnecting resource and whether the interconnecting resource increases reliability or volatility in managing the grid.

The bill requires costs in excess of the allowance incurred to interconnect generation resources with the ERCOT transmission system, including costs of utility interconnection facilities, to be directly assigned to and collected from the generation resource interconnecting through the facilities. The PUC, not later than September 1 of every fifth year after 2023, must review and may adjust the allowance to account for inflation or supply chain issues.

S.B. 1287 excludes the costs in excess of the allowance incurred to interconnect generation resources with the ERCOT transmission system and any adjustment to the allowance to account for inflation or supply chain issues from the combined annual costs of transmission used in pricing wholesale transmission services within ERCOT based on the postage stamp method of pricing.

EFFECTIVE DATE

September 1, 2023.