

## **BILL ANALYSIS**

S.B. 1699  
By: Johnson  
State Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

In 2022, the Public Utility Commission of Texas (PUC) and ERCOT approved a pilot project which enables the aggregation of distributed energy resources (DERs) for participation in ancillary services and wholesale energy markets for the ERCOT region. Per phase one of the pilot project, load serving entities—municipalities, electric cooperatives, and retail electric providers (REPs)—can aggregate their retail customers' DERs that are less than one megawatt. This means that an aggregate distributed energy resource can combine multiple homes and business solar systems, batteries, generators, HVACs, and other devices and respond to ERCOT dispatch instructions.

S.B. 1699 seeks to allow for DER owners and aggregators to become part of the state's grid while providing consistency for grid regulators seeking to evaluate and track this growing repository of energy in Texas. Specifically, the bill seeks to require the PUC to establish rules and registration requirements for the aggregation of distributed energy resources and establishes that anyone who generates electricity through DER aggregation need not register as a power generation company.

### **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 3 of this bill.

### **ANALYSIS**

S.B. 1699 amends the Utilities Code to establish that a person who aggregates distributed energy resources:

- is not required to register as a power generation company to aggregate the resources;
- must comply with rules, guidelines, and registration requirements established by the Public Utility Commission of Texas (PUC) and by provisions of the Public Utility Regulatory Act relating to customer protections and the restructuring of the state's electric utility industry; and
- remains accountable for compliance with the applicable statutes and rules by a subcontractor, an agent, or any other entity compensated by the person for activities conducted on the person's behalf.

The bill authorizes the PUC to establish rules and registration requirements for the aggregation of distributed energy resources. The bill clarifies that a retail electric provider may aggregate distributed energy resources in accordance with the bill's provisions.

**EFFECTIVE DATE**

September 1, 2023.