

By: King, Schwertner

S.B. No. 2015

A BILL TO BE ENTITLED

AN ACT

relating to the legislature's goals for electric generation capacity in this state.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 39.9044, Utilities Code, is amended to read as follows:

Sec. 39.9044. GOAL FOR DISPATCHABLE GENERATION [~~NATURAL GAS~~]. (a) It is the intent of the legislature that 50 percent of the megawatts of generating capacity installed in this state after January 1, 2024 [~~2000~~], be dispatchable [~~use natural gas~~]. [~~To the extent permitted by law, the commission shall establish a program to encourage utilities to comply with this section by using natural gas produced in this state as the preferential fuel. This section does not apply to generating capacity for renewable energy technologies.~~]

(b) The commission shall establish a dispatchable generation [~~natural gas~~] energy credits trading program. Any power generation company, municipally owned utility, or electric cooperative that does not satisfy the requirements of Subsection (a) by directly owning or purchasing capacity using dispatchable generation [~~natural gas~~] technologies shall purchase sufficient dispatchable generation [~~natural gas~~] energy credits to satisfy the requirements by holding dispatchable generation [~~natural gas~~] energy credits in lieu of capacity from dispatchable generation

1 ~~[natural gas]~~ energy technologies.

2 (c) The ~~[Not later than January 1, 2000, the]~~ commission  
3 shall adopt rules necessary to administer and enforce this section  
4 and to perform any necessary studies in cooperation with the  
5 Railroad Commission of Texas. At a minimum, the rules shall:

6 (1) establish the minimum annual dispatchable  
7 ~~[natural gas]~~ generation requirement for each power generation  
8 company, municipally owned utility, and electric cooperative  
9 operating in this state in a manner reasonably calculated by the  
10 commission to produce, on a statewide basis, compliance with the  
11 requirement prescribed by Subsection (a); and

12 (2) specify reasonable performance standards that all  
13 dispatchable generation ~~[natural gas]~~ capacity additions must meet  
14 to count against the requirement prescribed by Subsection (a) and  
15 that:

16 (A) are designed and operated so as to maximize  
17 the energy output from the capacity additions in accordance with  
18 then-current industry standards and best industry standards; and

19 (B) encourage the development, construction, and  
20 operation of new natural gas energy projects at those sites in this  
21 state that have the greatest economic potential for capture and  
22 development of this state's environmentally beneficial natural gas  
23 resources.

24 (d) The commission, with the assistance of the Railroad  
25 Commission of Texas, shall adopt rules allowing and encouraging  
26 retail electric providers and municipally owned utilities and  
27 electric cooperatives that have adopted customer choice to market

1 electricity generated using natural gas produced in this state as  
2 environmentally beneficial. The rules shall allow a provider,  
3 municipally owned utility, or cooperative to:

4 (1) emphasize that natural gas produced in this state  
5 is the cleanest-burning fossil fuel; and

6 (2) label the electricity generated using natural gas  
7 produced in this state as "green" electricity.

8 (e) On or before January 1, 2027, the commission shall  
9 activate the dispatchable generation energy credits trading  
10 program established by this section if the commission determines  
11 that dispatchable generation generating capacity installed in this  
12 state after January 1, 2024, may fall below 55 percent of all  
13 generating capacity installed in this state after January 1, 2024.  
14 The commission shall adopt rules not later than 180 days after the  
15 date of the program's activation to determine the conditions for  
16 compliance and penalties for noncompliance for each power  
17 generation company, municipally owned utility, and electric  
18 cooperative subject to the program [~~In this section, "natural gas~~  
19 ~~technology" means any technology that exclusively relies on natural~~  
20 ~~gas as a primary fuel source].~~

21 (f) Notwithstanding Subsection (e), the commission may  
22 accelerate implementation of individual requirements for power  
23 generation companies, municipally owned utilities, and electric  
24 cooperatives if the commission determines that such action is in  
25 the public interest.

26 (g) Before September 15 of each year, each power generation  
27 company, municipally owned utility, and electric cooperative shall

1 file with the commission on a form prescribed by the commission a  
2 report regarding all generating facilities the power generation  
3 company, municipally owned utility, or electric cooperative owns or  
4 operates in this state.

5 (h) Not later than May 15 of each year, the commission shall  
6 publish, in aggregate form only, information submitted to the  
7 commission in compliance with this section and calculations that  
8 show whether the prior year's generating capacity in this state is  
9 in compliance with this section and whether capacity for the  
10 following three years is likely to be in compliance with this  
11 section based on the forecast information submitted.

12 SECTION 2. Section 40.004, Utilities Code, is amended to  
13 read as follows:

14 Sec. 40.004. JURISDICTION OF COMMISSION. Except as  
15 specifically otherwise provided in this chapter, the commission has  
16 jurisdiction over municipally owned utilities only for the  
17 following purposes:

18 (1) to regulate wholesale transmission rates and  
19 service, including terms of access, to the extent provided by  
20 Subchapter A, Chapter 35;

21 (2) to regulate certification of retail service areas  
22 to the extent provided by Chapter 37;

23 (3) to regulate rates on appeal under Subchapters D  
24 and E, Chapter 33, subject to Section 40.051(c);

25 (4) to establish a code of conduct as provided by  
26 Section 39.157(e) applicable to anticompetitive activities and to  
27 affiliate activities limited to structurally unbundled affiliates

1 of municipally owned utilities, subject to Section 40.054;

2 (5) to establish terms and conditions for open access  
3 to transmission and distribution facilities for municipally owned  
4 utilities providing customer choice, as provided by Section 39.203;

5 (6) to administer the renewable energy credits program  
6 under Section 39.904(b) and the dispatchable generation [~~natural~~  
7 ~~gas~~] energy credits program under Section 39.9044(b);

8 (7) to require reports of municipally owned utility  
9 operations only to the extent necessary to:

10 (A) enable the commission to determine the  
11 aggregate load and energy requirements of the state and the  
12 resources available to serve that load; or

13 (B) enable the commission to determine  
14 information relating to market power as provided by Section 39.155;  
15 and

16 (8) to evaluate and monitor the cybersecurity  
17 preparedness of a municipally owned utility described by Section  
18 39.1516(a)(3) or (4).

19 SECTION 3. This Act takes effect September 1, 2023.