

BILL ANALYSIS

Senate Research Center
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H.B. 3069
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

According to the Electric Reliability Council of Texas (ERCOT), transmission congestion in the real-time market occurs when uneconomic generators are dispatched to reduce flows over constrained lines. ERCOT estimates that congestion costs totaled \$2.3 billion in 2023 and \$1.97 billion in 2024, costs that are ultimately reflected in higher electricity bills.

Where transmission constraints, congestion, and curtailments present expensive reliability issues for the Texas grid, H.B. 3069 seeks to address these issues by establishing a new long-term planning criteria for evaluating certain transmission projects within the ERCOT power region. H.B. 3069 directs the Public Utility Commission of Texas (PUC) to introduce supplemental multi-decade transmission planning criteria for granting a certificate for a transmission project that serves ERCOT and that is not necessary to meet state or federal reliability standards. The bill would require that the criteria provide for an evaluation of potential savings for customers using methods such as discount rates, hurdle rates, averaging costs over a reasonable number of years, and scenario planning, or any other method PUC considers appropriate. PUC findings would have to be included in the multi-decade transmission planning criteria with its decision on an application for a certificate.

H.B. 3069 further provides that the PUC could use an evaluation of a proposed transmission project conducted by ERCOT under the bill when considering whether to grant a certificate for a transmission project.

H.B. 3069 amends current law relating to the approval of a certificate of convenience and necessity for certain transmission projects.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 2 (Section 37.056, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Provides that it is the intent of the legislature that the economic transmission planning required by this Act provides cost savings for consumers.

SECTION 2. Amends Section 37.056, Utilities Code, by adding Subsections (d-1) and (d-2), as follows:

(d-1) Requires the Public Utility Commission of Texas (PUC), in addition to the criteria described by Subsections (c) (relating to requiring the PUC to grant each certificate of convenience and necessity on a nondiscriminatory basis after considering certain factors) and (d) (relating to requiring the PUC by rule to establish criteria or granting a certificate for a transmission project that serves the Electric Reliability Council of Texas (ERCOT) power region and that is not necessary to meet state or federal reliability standards), by rule to establish supplemental multi-decade transmission planning criteria for granting a certificate for a transmission project that serves the ERCOT power region and that is not necessary to meet state or federal reliability standards. Requires that the criteria provide for an evaluation of potential savings for customers using methods such as discount rates,

hurdle rates, averaging costs over a reasonable number of years, or scenario planning or any other method the PUC considers appropriate. Requires the PUC to include with the PUC's decision on an application for a certificate to which this subsection applies the PUC's findings on the multi-decade transmission planning criteria.

(d-2) Authorizes the PUC to use an evaluation of a proposed transmission project conducted by the independent organization certified under Section 39.151 (Essential Organizations) for the ERCOT power region using the criteria developed under Subsection (d) or (d-1) when considering whether to grant a certificate for a transmission project.

SECTION 3. Requires the PUC to adopt any rules necessary to implement the changes in law made by Section 37.056(d-1), Utilities Code, as added by this Act, not later than September 1, 2026.

SECTION 4. Requires the PUC to direct the independent organization certified for the ERCOT power region under Section 39.151, Utilities Code, to take any action necessary for the implementation of the changes in law made by this Act not later than September 1, 2026.

SECTION 5. Makes application of this Act prospective to September 1, 2026.

SECTION 6. Effective date: September 1, 2025.