By:  Sparks, et al. S.B. No. 715

A BILL TO BE ENTITLED

AN ACT

relating to reliability requirements for certain electric generation facilities.

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

SECTION 1.  Sections 39.1592(a) and (d), Utilities Code, are amended to read as follows:

(a)  This section applies only to an electric generation facility in the ERCOT power region that is subject to [~~for which~~] a standard generator interconnection agreement, [~~is signed on or after January 1, 2027, that~~] has been in operation for at least one year, and [~~that~~] is not a self-generator.

(d)  The independent organization certified under Section 39.151 for the ERCOT power region may not impose penalties under Subsection (c):

(1)  for resource unavailability due to planned maintenance outages or transmission outages;

(2)  on resources that are already subject to performance obligations during the highest reliability risk hours under the day-ahead market rules or other ancillary or reliability services established by the commission or the independent organization; [~~or~~]

(3)  during hours outside a baseline established by the commission that includes morning and evening ramping periods;

(4)  on resources that demonstrate the ability to operate when called upon for dispatch for 24 continuous hours at or above the seasonal average generation capability through the resource's own generation capability or through a contract with an on-site or off-site resource, including a battery energy storage resource; or

(5)  on resources with dual but separate grid interconnections that provide dispatchable generation to the ERCOT power region.

SECTION 2.  Sections 52(b) and (c), Chapter 410 (H.B. 1500), Acts of the 88th Legislature, Regular Session, 2023, are repealed.

SECTION 3.  (a) The Public Utility Commission of Texas shall adopt rules as necessary to implement Section 39.1592, Utilities Code, as amended by this Act, not later than January 1, 2027.

(b)  Notwithstanding Subsection (a) of this section, an owner or operator of an electric generation facility that is subject to a power purchase agreement entered into before the effective date of this Act is not required to comply with the performance requirements described by Section 39.1592(b), Utilities Code, until the expiration of the agreement as it exists on the effective date of this Act.

SECTION 4.  (a) The Public Utility Commission of Texas shall consider the use of a settlement price cap, a fixed reliability fee, and other methods of imposing penalties under Section 39.1592(c)(1), Utilities Code. The Public Utility Commission of Texas and the independent organization certified under Section 39.151, Utilities Code, for the ERCOT power region shall:

(1)  consider rebating penalties collected under Section 39.1592 directly to consumers or redirecting a portion of the collected penalties toward reliability incentives; and

(2)  for the purposes of Subdivision (1) of this subsection, prioritize rebates of penalties or redirection of penalties in a manner the commission determines will provide the maximum financial benefit to consumers while still ensuring that the reliability needs of the ERCOT power region are met and premature retirements of dispatchable generation facilities are avoided.

(b)  Notwithstanding Section 39.1592(c), Utilities Code, the Public Utility Commission of Texas may allow the financial penalties and incentives required by that subsection to be adopted in a phased manner over multiple years to mitigate market disruptions that the commission determines would result in net increased costs to consumers.

SECTION 5.  This Act takes effect September 1, 2025.