

By: Reynolds

H.B. No. 3346

A BILL TO BE ENTITLED

AN ACT

relating to distributed energy resources.

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

SECTION 1. Subchapter A, Chapter 17, Utilities Code, is amended by adding Section 17.011 to read as follows:

Sec. 17.011. METER SOCKET ADAPTER. The commission by rule shall require an electric utility to modify the utility's service requirements to authorize the use of a meter socket adapter owned by a residential customer of retail electric service and certified by a nationally recognized testing laboratory to support residential distributed generation and energy storage systems.

SECTION 2. Section 31.002, Utilities Code, is amended by adding Subdivision (4-c) to read as follows:

(4-c) "Distributed energy resource" means a resource located on the distribution system, on a subsystem of the distribution system, or on the customer's side of the meter, including:

(A) a generation resource or storage resource that provides electricity onto the distribution system; and

(B) a load resource capable of modifying its electricity usage in response to grid conditions.

SECTION 3. Section 39.002, Utilities Code, is amended to read as follows:

Sec. 39.002. APPLICABILITY. This chapter, other than

1 Sections 39.151, 39.1516, 39.155, 39.157(e), 39.161, 39.162,  
2 39.163, 39.203, 39.9051, 39.9052, [~~and~~] 39.914(e), and 39.9155, and  
3 Subchapters M and N, does not apply to a municipally owned utility  
4 or an electric cooperative. Sections 39.157(e) and 39.203 apply  
5 only to a municipally owned utility or an electric cooperative that  
6 is offering customer choice. If there is a conflict between the  
7 specific provisions of this chapter and any other provisions of  
8 this title, except for Chapters 40 and 41, the provisions of this  
9 chapter control.

10 SECTION 4. Section 39.3515, Utilities Code, is amended by  
11 amending Subsection (b) and adding Subsection (c) to read as  
12 follows:

13 (b) The commission shall adopt [~~may establish~~] rules and  
14 registration requirements for the aggregation of distributed  
15 energy resources.

16 (c) The commission shall:

17 (1) establish the aggregate distributed energy  
18 resource pilot project (Project 53911) as a formal program;

19 (2) require the independent organization certified  
20 under Section 39.151 for the ERCOT power region to:

21 (A) increase participation in the program by:

22 (i) eliminating capacity- and load  
23 zone-based limitations;

24 (ii) allowing for the participation of an  
25 aggregated distributed energy resource in the wholesale energy  
26 market if the resource has a capacity of 160 megawatts or less and  
27 complies with all applicable commission requirements;

1                   (iii) allowing for the participation of an  
2 aggregated distributed energy resource in the ancillary services  
3 market if the resource has a capacity of 80 megawatts or less and  
4 complies with all applicable commission requirements; and

5                   (iv) allowing for the participation in the  
6 wholesale energy and ancillary services markets, without  
7 security-constrained economic dispatch restrictions, of load  
8 resource types that respond to demand response instructions with  
9 blocks of demand; and

10                   (B) incorporate aggregated noncontrollable load  
11 resources into the program's governing documents; and

12                   (3) provide that, when the independent organization  
13 certified under Section 39.151 for the ERCOT power region issues an  
14 emergency energy alert, a distributed energy resource that  
15 participates in the program is entitled to the same legal  
16 protections and subject to the same performance standards as  
17 another comparable energy resource.

18           SECTION 5. Subchapter 2, Chapter 39, Utilities Code, is  
19 amended by adding Sections 39.9155 and 39.9161 to read as follows:

20           Sec. 39.9155. DISTRIBUTED ENERGY RESOURCES. (a) The  
21 commission by rule shall:

22                   (1) provide for an expedited application process for  
23 the interconnection of distributed energy resources;

24                   (2) adopt statewide technical requirements for  
25 interconnected distributed energy resources;

26                   (3) provide for an expedited approval process for the  
27 installation of distributed energy resources with a capacity of

1 less than 50 kilowatts; and

2 (4) authorize the management of distributed energy  
3 resource import and export limitations using power control systems  
4 that are tested and certified by a nationally recognized testing  
5 laboratory.

6 (b) The commission shall review the requirements adopted  
7 under Subsection (a)(2) at least once every two years and update  
8 those requirements as necessary for public safety.

9 (c) Compliance with rules adopted under Subsection (a) by a  
10 provider of electric service which is a municipally owned utility  
11 shall be administered solely by the governing body of the  
12 municipally owned utility, which shall adopt, implement, and  
13 enforce, as to the municipally owned utility, rules having the  
14 effect of accomplishing the objectives of this section.

15 (d) The commission by rule shall:

16 (1) ensure that owners of distributed energy resources  
17 are fairly compensated for contributions to grid resilience,  
18 including through retail tariffs or other market mechanisms, with  
19 compensation that reflects the locational and temporal value of the  
20 resources; and

21 (2) establish standards for telemetry provided to the  
22 independent organization certified under Section 39.151 for the  
23 ERCOT power region by an owner or operator of a distributed energy  
24 resource that include real-time two-second protocols and clarified  
25 validation metrics.

26 (e) The commission may enter into public-private  
27 partnerships and allocate grants for the purposes of this section

1 if money is available for those purposes under other law.

2 Sec. 39.9161. INTERCONNECTION OF ELECTRIC VEHICLES. (a)

3 In this section:

4 (1) "Electric vehicle" has the meaning assigned by  
5 Section 42.0102.

6 (2) "Interconnection" means the right of an electric  
7 vehicle owner to physically connect the electric vehicle to an  
8 electricity distribution system and the technical requirements,  
9 rules, or processes for the connection.

10 (b) The commission by rule shall establish safety,  
11 technical, and performance standards for electric vehicles that may  
12 be interconnected. In adopting the rules, the commission shall  
13 consider standards published by the Underwriters Laboratories, the  
14 National Electrical Code, the National Electrical Safety Code, and  
15 the Institute of Electrical and Electronics Engineers.

16 (c) The commission by rule shall establish a program to  
17 allow the sale of electricity stored by an electric vehicle to the  
18 transmission grid and distribution system. The rules must  
19 authorize an electric utility or retail electric provider to  
20 contract with an electric vehicle owner so that:

21 (1) electricity stored by the electric vehicle is made  
22 available for sale to the transmission grid and distribution  
23 system; and

24 (2) the value of that electricity is credited to the  
25 electric vehicle owner.

26 SECTION 6. Not later than December 31, 2025, the Public  
27 Utility Commission of Texas shall adopt the rules required by this

1 Act.

2           SECTION 7. This Act takes effect immediately if it receives  
3 a vote of two-thirds of all the members elected to each house, as  
4 provided by Section 39, Article III, Texas Constitution. If this  
5 Act does not receive the vote necessary for immediate effect, this  
6 Act takes effect September 1, 2025.