

AN ACT

relating to the planning for, interconnection and operation of, and costs related to providing service for certain electrical loads and to the generation of electric power by a water supply or sewer service corporation.

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

SECTION 1. Section 35.004, Utilities Code, is amended by adding Subsections (c-1) and (c-2) to read as follows:

(c-1) The commission by rule shall ensure that a large load customer who is subject to the standards adopted under Section 37.0561 contributes to the recovery of the interconnecting electric utility's costs to interconnect the large load to the utility's system.

(c-2) An electric cooperative or municipally owned utility that has not adopted customer choice shall pass through to a large load customer who is subject to the standards adopted under Section 37.0561 the reasonable costs to interconnect the large load in a manner determined by the electric cooperative or municipally owned utility.

SECTION 2. Subchapter B, Chapter 37, Utilities Code, is amended by adding Section 37.0561 to read as follows:

Sec. 37.0561. PLANNING FOR AND INTERCONNECTION OF LARGE LOADS. (a) For the purposes of this section, a large load customer includes an entity requesting an interconnection that exceeds the

1 demand threshold adopted under Subsection (c) and a successor in
2 interest to such an entity.

3 (b) The commission by rule shall establish standards for
4 interconnecting large load customers in the ERCOT power region in a
5 manner designed to support business development in this state while
6 minimizing the potential for stranded infrastructure costs and
7 maintaining system reliability.

8 (c) The standards must apply only to customers requesting a
9 new or expanded interconnection where the total load at a single
10 site would exceed a demand threshold established by the commission
11 based on the size of loads that significantly impact transmission
12 needs in the ERCOT power region. The commission shall establish a
13 demand threshold of 75 megawatts unless the commission determines
14 that a lower threshold is necessary to accomplish the purposes
15 described by Subsection (b).

16 (d) The standards must require each large load customer
17 subject to Subsection (c) to disclose to the interconnecting
18 electric utility or municipally owned utility whether the customer
19 is pursuing a substantially similar request for electric service in
20 this state the approval of which would result in the customer
21 materially changing, delaying, or withdrawing the interconnection
22 request. The disclosure may withhold or anonymize competitively
23 sensitive details. The commission by rule shall prohibit an
24 electric utility or municipally owned utility from selling,
25 sharing, or disclosing information submitted to the utility under
26 this subsection other than a disclosure to the commission or the
27 independent organization certified under Section [39.151](#) for the

1 ERCOT power region, subject to appropriate confidentiality
2 protections.

3 (e) The standards must require each interconnected large
4 load customer subject to Subsection (c) to disclose to the
5 interconnecting electric utility or municipally owned utility
6 information about the customer's on-site backup generating
7 facilities and require the interconnecting electric utility or
8 municipally owned utility to provide the information to the
9 independent organization certified under Section 39.151 for the
10 ERCOT power region. For the purposes of this subsection, "on-site
11 backup generating facilities" means generation that is not capable
12 of exporting energy to the ERCOT transmission grid and that, in the
13 aggregate, can serve at least 50 percent of on-site demand. The
14 independent organization shall establish a threshold before or
15 during an energy emergency alert at which the organization may
16 issue reasonable notice that large load customers with on-site
17 backup generating facilities may be directed to either deploy the
18 customer's on-site backup generating facilities or curtail load.
19 After the independent organization deploys all available market
20 services, except for frequency responsive services, the
21 independent organization may direct the applicable electric
22 utility or municipally owned utility to require the large load
23 customer to either deploy the customer's on-site backup generating
24 facilities or curtail load. The independent organization shall
25 include a deployment under this section as firm load shed when
26 calculating any price adjustments for reliability deployments.
27 This subsection does not:

1 (1) authorize or require a violation of any emissions
2 limitation in state or federal law or a violation of any other
3 environmental regulation; or

4 (2) prohibit a large load customer from participating
5 in a service authorized by Section 39.170(b).

6 (f) The standards must set a flat study fee of at least
7 \$100,000 to be paid to the interconnecting electric utility or
8 municipally owned utility for initial transmission screening
9 studies for large loads subject to Subsection (c). A large load
10 customer that requests additional capacity following the screening
11 study must pay an additional study fee based on the new request.
12 The interconnecting electric utility or municipally owned utility
13 shall apply any unused portion of the initial transmission
14 screening study fee as a credit toward satisfying financial
15 obligations for procurement or interconnection agreements at the
16 same geographic site.

17 (g) The standards must include a method for a large load
18 customer subject to Subsection (c) to demonstrate site control for
19 the proposed load location through an ownership interest, lease, or
20 another legal interest acceptable to the commission.

21 (h) The standards must include uniform financial commitment
22 requirements for the development of transmission infrastructure
23 needed to serve a large load customer subject to Subsection (c).
24 The standards must provide that satisfactory proof of financial
25 commitment may include:

26 (1) security provided on a dollar per megawatt basis
27 as set by the commission;

1 (2) contribution in aid of construction;

2 (3) security provided under an agreement that requires
3 a large load customer to pay for significant equipment or services
4 in advance of signing an agreement to establish electric delivery
5 service; or

6 (4) a form of financial commitment acceptable to the
7 commission other than those provided by Subdivisions (1)-(3).

8 (i) Security provided under Subsection (h)(1) must be
9 refunded, in whole or in part, after the security is applied to any
10 outstanding amounts owed:

11 (1) as the large load customer meets the customer's
12 load ramp milestones and sustains operations for a prescribed
13 period as determined by the commission;

14 (2) if the large load customer withdraws the
15 customer's request for all or a portion of the requested capacity;
16 or

17 (3) if capacity subject to a financial commitment will
18 be reallocated to one or more other customers.

19 (j) The commission shall establish uniform requirements for
20 determining when capacity that is subject to an outstanding
21 financial commitment under this section may be reallocated.

22 (k) The standards must establish a procedure to allow the
23 independent organization certified under Section [39.151](#) for the
24 ERCOT power region to access any information collected by the
25 interconnecting electric utility or municipally owned utility to
26 ensure compliance with the standards for transmission planning
27 analysis. Any customer-specific or competitively sensitive

information obtained under this subsection is confidential and not subject to disclosure under Chapter 552, Government Code.

(1) The commission may not limit the authority of a municipally owned utility or an electric cooperative to impose electric service requirements for large load customers on their systems in addition to the standards adopted under this section.

(m) Notwithstanding the forecasted load growth and additional load currently seeking interconnection required to be considered under Section 37.056(c-1), the commission by rule shall establish criteria by which the independent organization certified under Section 39.151 for the ERCOT power region includes forecasted large load of any peak demand in the organization's transmission planning and resource adequacy models and reports.

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

Sec. 39.002. APPLICABILITY. This chapter, other than Sections 39.151, 39.1516, 39.155, 39.157(e), 39.161, 39.162, 39.163, 39.169, 39.170, 39.203, 39.9051, 39.9052, and 39.914(e), and Subchapters M and N, does not apply to a municipally owned utility or an electric cooperative. Sections 39.157(e) and 39.203 apply only to a municipally owned utility or an electric cooperative that is offering customer choice. If there is a conflict between the specific provisions of this chapter and any other provisions of this title, except for Chapters 40 and 41, the provisions of this chapter control.

SECTION 4. Subchapter D, Chapter 39, Utilities Code, is amended by adding Sections 39.169 and 39.170 to read as follows:

1 Sec. 39.169. CO-LOCATION OF LARGE LOAD CUSTOMER WITH
2 EXISTING GENERATION RESOURCE. (a) A power generation company,
3 municipally owned utility, or electric cooperative must submit a
4 notice to the independent organization certified under Section
5 39.151 for the ERCOT power region before implementing a net
6 metering arrangement between an operating facility registered with
7 the independent organization as a stand-alone generation resource
8 as of September 1, 2025, and a new large load customer as described
9 by Section 37.0561(c).

10 (b) This section does not apply to a generation resource:

11 (1) the registration for which included a co-located
12 large load customer at the time of energization, regardless of
13 whether the load was energized at a later date; or

14 (2) a majority interest of which is owned indirectly
15 or directly as of January 1, 2025, by a parent company of the
16 customer that participates in the new net metering arrangement.

17 (c) The electric cooperative, transmission and distribution
18 utility, or municipally owned utility that provides electric
19 service at the location of the new net metering arrangement may for
20 reasonable cause including a violation of other law, object to the
21 arrangement, provided however, that no reasonable cause objection
22 may be raised after a final decision by the commission is issued
23 under this section.

24 (d) The independent organization certified under Section
25 39.151 for the ERCOT power region shall study the system impacts of
26 a proposed net metering arrangement and removal of generation for
27 which the independent organization receives a notice under

1 Subsection (a) after the independent organization receives all
2 information regarding the arrangement required by the independent
3 organization to be submitted to the independent organization. The
4 independent organization must complete the study and submit the
5 results to the commission with any associated recommendations not
6 later than the 120th day after the independent organization
7 receives all required information regarding the arrangement. Not
8 later than the 60th day after the date the commission receives the
9 study results from the independent organization, the commission
10 shall approve, deny, or impose reasonable conditions on the
11 proposed net metering arrangement as necessary to maintain system
12 reliability, including transmission security and resource adequacy
13 impacts. The conditions must require a generation resource that
14 makes dispatchable capacity available to the ERCOT power region
15 before the implementation of a net metering arrangement under this
16 section to make at least that amount of dispatchable capacity
17 available to the ERCOT power region after the implementation of the
18 arrangement at the direction of the independent organization in
19 advance of an anticipated emergency condition. The conditions may
20 include:

21 (1) requiring the retail customer who is served
22 behind-the-meter to reduce load during certain events;

23 (2) requiring the generation resource to make capacity
24 available to the ERCOT power region during certain events; or

25 (3) requiring customers to be held harmless for
26 stranded or underutilized transmission assets resulting from the
27 behind-the-meter operation.

1 (e) If the commission does not approve, deny, or impose
2 reasonable conditions on a proposed net metering arrangement before
3 the expiration of the deadline established by Subsection (d), the
4 commission is considered to have approved the arrangement.

5 (f) If conditions imposed under Subsection (d) are not
6 limited to a specific period, the commission shall review the
7 conditions at least every five years to determine whether the
8 conditions should be extended or rescinded.

9 (g) The parties to a proceeding under this section are
10 limited to the commission, the independent organization certified
11 under Section 39.151 for the ERCOT power region, the
12 interconnecting electric cooperative, transmission and
13 distribution utility, or municipally owned utility, and a party in
14 the net metering arrangement.

15 (h) The commission shall post the decision made on each
16 notice submitted under this section on the commission's Internet
17 website. The commission may not post information regarding the
18 decision that is competitively sensitive or otherwise considered
19 confidential.

20 Sec. 39.170. LARGE LOAD DEMAND MANAGEMENT SERVICE.

21 (a) The commission shall require the independent organization
22 certified under Section 39.151 for the ERCOT power region to ensure
23 that each electric cooperative, transmission and distribution
24 utility, and municipally owned utility serving a
25 transmission-voltage customer develops a protocol, including the
26 installation of any necessary equipment or technology before the
27 customer is interconnected, to allow the load to be curtailed

1 during firm load shed. The electric cooperative, transmission and
2 distribution utility, or municipally owned utility shall confer
3 with the customer to the extent feasible to shed load in a
4 coordinated manner. This subsection applies only to a load
5 interconnected after December 31, 2025, that is not:

6 (1) load operated by a critical load industrial
7 customer, as defined by Section [17.002](#); or

8 (2) designated as a critical natural gas facility
9 under Section [38.074](#).

10 (b) The commission shall require the independent
11 organization certified under Section [39.151](#) for the ERCOT power
12 region to develop a reliability service to competitively procure
13 demand reductions from large load customers with a demand of at
14 least 75 megawatts to be deployed in the event of an anticipated
15 emergency condition. The rules governing this service must:

16 (1) specify the periods when the service may be used to
17 assist with maintaining reliability during extreme weather events;

18 (2) ensure that the independent organization provides
19 at least a 24-hour notice to large load customers and requires each
20 large load to remain curtailed for the duration of the energy
21 emergency alert event or until the load can be recalled safely; and

22 (3) prohibit participation by any large load customer
23 that curtails in response to the wholesale price of electricity, as
24 determined by the independent organization certified under Section
25 [39.151](#) for the ERCOT power region, or that otherwise participates
26 in a different reliability or ancillary service.

27 (c) The independent organization certified under Section

1 39.151 for the ERCOT power region shall include a deployment under
2 this section when calculating any price adjustments for reliability
3 deployments.

4 SECTION 5. Subchapter A, Chapter 67, Water Code, is amended
5 by adding Section 67.0115 to read as follows:

6 Sec. 67.0115. ELECTRIC GENERATION. (a) A corporation may
7 generate electric power for use in the corporation's operations,
8 limited to:

9 (1) powering water well pumps, service pumps, and
10 other equipment for the production, treatment, and transportation
11 of raw water; and

12 (2) powering infrastructure for the treatment and
13 delivery of potable drinking water.

14 (b) For the purposes of Subsection (a), a corporation
15 operating solely as a wholesale water supplier or sewer service in a
16 county with a population of less than 350,000 may generate excess
17 electric power in conjunction with the uses described in Subsection
18 (a) for sale in the ERCOT power region to provide revenue for the
19 corporation only if the corporation:

20 (1) primarily generates electric power solely for the
21 uses described in Subsection (a); and

22 (2) registers as a power generation company under
23 Section 39.351, Utilities Code.

24 (c) A corporation that generates electric power for sale
25 under Subsection (b) shall account for and use the revenue from
26 those sales in a manner that complies with Section 67.004. The
27 revenue that accrues from those sales of electric power may be used

1 by the corporation only for:

2 (1) the corporation's costs of producing and selling
3 electric power, including administration, employees, equipment,
4 fuel, and maintenance; or

5 (2) a purpose described by Section 67.002.

6 SECTION 6. (a) The Public Utility Commission of Texas shall
7 evaluate whether the existing methodology used to charge wholesale
8 transmission costs to distribution providers under Section
9 35.004(d), Utilities Code, continues to appropriately assign costs
10 for transmission investment. The commission shall also evaluate:

11 (1) whether the current four coincident peak
12 methodology used to calculate wholesale transmission rates ensures
13 that all loads appropriately contribute to the recovery of an
14 electric cooperative's, electric utility's, or municipally owned
15 utility's costs to provide access to the transmission system;

16 (2) whether alternative methods to calculate
17 wholesale transmission rates would more appropriately assign the
18 cost of providing access to and wholesale service from the
19 transmission system, such as consideration of multiple seasonal
20 peak demands, demand during different length daily intervals, or
21 peak energy intervals; and

22 (3) the portion of the costs related to access to and
23 wholesale service from the transmission system that should be
24 nonbypassable, consistent with Section 35.004(c-1), Utilities
25 Code, as added by this Act.

26 (b) The Public Utility Commission of Texas shall evaluate
27 whether the commission's retail ratemaking practices ensure that

1 transmission cost recovery appropriately charges the system costs
2 that are caused by each customer class.

3 (c) The Public Utility Commission of Texas shall begin the
4 evaluation required under Subsection (a) of this section not later
5 than the 90th day after the effective date of this Act. After
6 completion of the evaluation project and not later than December
7 31, 2026, the commission shall amend commission rules to ensure
8 that wholesale transmission charges appropriately assign costs for
9 transmission investment.

10 SECTION 7. Section 35.004(c-1), Utilities Code, as added by
11 this Act, applies only to an interconnection agreement entered into
12 on or after the effective date of this Act.

13 SECTION 8. This Act takes effect immediately if it receives
14 a vote of two-thirds of all the members elected to each house, as
15 provided by Section 39, Article III, Texas Constitution. If this
16 Act does not receive the vote necessary for immediate effect, this
17 Act takes effect September 1, 2025.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 6 passed the Senate on March 19, 2025, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendments on May 29, 2025, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 6 passed the House, with amendments, on May 27, 2025, by the following vote: Yeas 103, Nays 25, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor