

By: King, et al.
(King)

S.B. No. 6

Substitute the following for S.B. No. 6:

By: King

C.S.S.B. No. 6

A BILL TO BE ENTITLED

AN ACT

relating to the planning for, interconnection and operation of, and costs related to providing service for certain electrical loads.

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 Sections 37.0561 and 37.0562 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 demand threshold adopted under Subsection (c) and a successor in interest to such an entity.

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

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

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

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

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

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

3 (f) The standards must set a flat study fee of at least
4 \$100,000 to be paid to the interconnecting electric utility or
5 municipally owned utility for initial transmission screening
6 studies for large loads subject to Subsection (c). A large load
7 customer that requests additional capacity following the screening
8 study must pay an additional study fee based on the new request.
9 The interconnecting electric utility or municipally owned utility
10 shall apply any unused portion of the initial transmission
11 screening study fee as a credit toward satisfying financial
12 obligations for procurement or interconnection agreements at the
13 same geographic site.

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

18 (h) The standards must include uniform financial commitment
19 standards for the development of transmission infrastructure
20 needed to serve a large load customer subject to Subsection (c)
21 before an electric utility or municipally owned utility may submit
22 a project for review to the independent organization certified
23 under Section 39.151 for the ERCOT power region based on the large
24 load customer's demand. Unless the payment is later refunded, an
25 interconnecting electric utility or municipally owned utility that
26 receives a payment that meets the financial commitment standards
27 shall preserve the ability of the large load customer to

1 interconnect and retain the customer's contract capacity under the
2 interconnection or facilities extension agreement, once the
3 utility has approved the customer's initial or modified request for
4 interconnection. The standards must provide that satisfactory
5 proof of financial commitment may include:

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

8 (2) contribution in aid of construction;

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

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

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

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

21 (2) if the large load customer withdraws the
22 customer's request for all or a portion of the requested capacity;
23 or

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

26 (j) The commission shall establish uniform requirements for
27 determining when capacity that is subject to an outstanding

1 financial commitment under this section may be reallocated.

2 (k) The standards must establish a procedure to allow the
3 independent organization certified under Section 39.151 for the
4 ERCOT power region to access any information collected by the
5 interconnecting electric utility or municipally owned utility to
6 ensure compliance with the standards for transmission planning
7 analysis. Any customer-specific or competitively sensitive
8 information obtained under this subsection is confidential and not
9 subject to disclosure under Chapter 552, Government Code.

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

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

21 Sec. 37.0562. EXPEDITED INTERCONNECTION FOR CERTAIN LARGE
22 LOADS. (a) In this section:

23 (1) "Behind-the-meter generation" means a generation
24 facility on the retail customer's side of the meter capable of
25 serving the full load requirement of the retail customer.

26 (2) "Flexible load" means a large load operated by a
27 retail customer who is obligated by contract or agreement in the

ERCOT market to reduce the load or power the load exclusively with back-up generation:

(A) at the direction of the independent organization certified under Section 39.151 for the ERCOT power region; or

(B) as required to protect the integrity of the ERCOT grid.

(b) The commission by rule shall establish a program to provide an expedited process for the interconnection of large loads. The program must require the interconnecting municipally owned utility or electric utility and the independent organization certified under Section 39.151 for the ERCOT power region to give priority in the interconnection queue to a large load for which a retail customer has received approval for expedited processing over any other large loads that have not entered into a contractual agreement with the municipally owned utility or electric utility regarding the provision of electric service. If applicable, the generation interconnection application for a generation facility associated with the large load must be processed in parallel with the large load.

(c) The program must require a large load to qualify for expedited interconnection processing by bringing in-service, not later than the 180th day after the interconnection date, behind-the-meter generation that is:

(1) registered with the independent organization certified under Section 39.151 for the ERCOT power region; and

(2) capable of serving the full load requirement of

1 the customer.

2 (d) As an alternative to the requirements of Subsection (c),
3 a large load may qualify for expedited interconnection processing,
4 if the load is a facility with an aggregated peak demand at a single
5 site of more than 75 megawatts, by:

6 (1) providing to the interconnecting municipally
7 owned utility or electric utility all data regarding, and making
8 satisfactory proof of financial commitment for, the load; and

9 (2) being subject to a binding commitment with the
10 independent organization certified under Section 39.151 for the
11 ERCOT power region to establish the load as a flexible load for a
12 minimum period established by the commission, which must be at
13 least 10 years.

14 (e) A large load that qualifies for expedited
15 interconnection processing may choose:

16 (1) if authorized by the independent organization
17 certified under Section 39.151 for the ERCOT power region and the
18 relevant municipally owned utility or electric utility, to contract
19 with a vendor approved by the relevant utility or by the independent
20 organization to perform all studies required by the relevant
21 utility before the approval of the interconnection application; and

22 (2) if authorized by the relevant municipally owned
23 utility or electric utility:

24 (A) to procure equipment required for the
25 interconnection in accordance with technical specifications
26 provided by the relevant utility; and

27 (B) to construct interconnection facilities in

1 accordance with technical and other requirements of the relevant
2 utility.

3 (f) The program may provide that studies required by a
4 municipally owned utility or electric utility before the approval
5 of an interconnection application for a flexible load may evaluate
6 the load as non-firm.

7 (g) Demand reductions from flexible loads that receive
8 expedited processing and are removed from the system through the
9 utilization of behind-the-meter generation during an energy
10 emergency alert must be counted toward any obligation of the
11 municipally owned utility or electric utility to shed load.

12 (h) The independent organization certified under Section
13 39.151 for the ERCOT power region shall consider action taken under
14 this section as a reliability deployment when calculating any price
15 adjustments for reliability deployments.

16 (i) The commission shall establish financial penalties the
17 commission may impose on an owner or operator of a large load that
18 is approved for expedited interconnection processing but fails to
19 reduce the load or power the load with back-up generation as
20 directed by the independent organization certified under Section
21 39.151 for the ERCOT power region.

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

24 Sec. 39.002. APPLICABILITY. This chapter, other than
25 Sections 39.151, 39.1516, 39.155, 39.157(e), 39.161, 39.162,
26 39.163, 39.169, 39.170, 39.203, 39.9051, 39.9052, and 39.914(e),
27 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:

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

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

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

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

(c) The new net metering arrangement must be requested or consented to by the electric cooperative, electric utility, or municipally owned utility certificated to provide electric service

1 at the location. The electric cooperative, electric utility, or
2 municipally owned utility may withhold consent to a proposal that
3 is consistent with the determination provided under Subsection (d)
4 and applicable law only for a reasonable cause.

5 (d) Not later than the 180th day after the date the
6 independent organization certified under Section 39.151 for the
7 ERCOT power region receives the notice under Subsection (a), the
8 independent organization shall approve, deny, or impose reasonable
9 conditions on a proposed net metering arrangement described by
10 Subsection (a) as necessary to maintain system reliability,
11 including transmission security and resource adequacy impacts. The
12 conditions must require a generation resource that makes capacity
13 available to the ERCOT power region before the implementation of a
14 net metering arrangement under this section to make at least that
15 amount of capacity available to the ERCOT power region after the
16 implementation of the arrangement at the direction of the
17 independent organization in advance of an anticipated emergency
18 condition. The conditions may:

19 (1) require the retail customer who is served
20 behind-the-meter to reduce load during certain events;

21 (2) require the generation resource to make capacity
22 available to the ERCOT power region during certain events; or

23 (3) provide that the owner of the generation resource
24 may be held liable for stranded or underutilized transmission
25 assets resulting from the behind-the-meter operation.

26 (e) If the independent organization certified under Section
27 39.151 for the ERCOT power region does not approve, deny, or impose

1 reasonable conditions on a proposed net metering arrangement before
2 the expiration of the deadline established by Subsection (d), the
3 independent organization is considered to have approved the
4 arrangement.

5 (f) If conditions imposed under Subsection (d) are not
6 limited to a specific period, the independent organization
7 certified under Section 39.151 for the ERCOT power region shall
8 review the conditions at least every five years to determine
9 whether the conditions should be extended or rescinded.

10 (g) The parties to a proceeding under this section are
11 limited to the commission, the independent organization certified
12 under Section 39.151 for the ERCOT power region, the
13 interconnecting electric cooperative, electric utility, or
14 municipally owned utility, and a party in the net metering
15 arrangement. A final decision made by the independent organization
16 related to this section may be appealed to the commission by the
17 owner of the generation resource or the large load customer.

18 (h) The commission shall post the decision made by the
19 independent organization certified under Section 39.151 for the
20 ERCOT power region on each notice submitted under this section on
21 the commission's Internet website. The commission may not post
22 information regarding the decision that is competitively sensitive
23 or otherwise considered confidential.

24 Sec. 39.170. LARGE LOAD DEMAND MANAGEMENT SERVICE.

25 (a) The commission shall require the independent organization
26 certified under Section 39.151 for the ERCOT power region to ensure
27 that each electric cooperative, transmission and distribution

1 utility, and municipally owned utility serving a
2 transmission-voltage customer develops a protocol and installs, or
3 requires to be installed, before the customer is interconnected,
4 any necessary equipment to allow the load to be curtailed during
5 firm load shed. The electric cooperative, transmission and
6 distribution utility, or municipally owned utility shall confer
7 with the customer to the extent feasible to shed load in a
8 coordinated manner. This subsection applies only to a load
9 interconnected after December 31, 2025, that is not:

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

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

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

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

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

26 (3) prohibit participation by any large load customer
27 that curtails in response to the wholesale price of electricity, as

1 determined by the independent organization certified under Section
2 39.151 for the ERCOT power region, or that otherwise participates
3 in a different reliability or ancillary service.

4 (c) The independent organization certified under Section
5 39.151 for the ERCOT power region shall include a deployment under
6 this section when calculating any price adjustments for reliability
7 deployments.

8 SECTION 5. (a) The Public Utility Commission of Texas shall
9 evaluate whether the existing methodology used to charge wholesale
10 transmission costs to distribution providers under Section
11 35.004(d), Utilities Code, continues to appropriately assign costs
12 for transmission investment. The commission shall also evaluate:

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

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

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

1 (b) The Public Utility Commission of Texas shall evaluate
2 whether the commission's retail ratemaking practices ensure that
3 transmission cost recovery appropriately charges the system costs
4 that are caused by each customer class.

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

12 SECTION 6. Section 35.004(c-1), Utilities Code, as added by
13 this Act, applies only to an interconnection agreement entered into
14 on or after the effective date of this Act.

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