

By: Sparks

S.B. No. 714

A BILL TO BE ENTITLED

AN ACT

1
2 relating to electricity pricing rules and operating procedures that
3 eliminate or compensate for market distortion caused by certain
4 federal tax credits.

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

6 SECTION 1. Subchapter D, Chapter 39, Utilities Code, is
7 amended by adding Section 39.171 to read as follows:

8 Sec. 39.171. MARKET DISTORTION RESPONSE. (a)

9 Notwithstanding any other provision of this chapter, the commission
10 and the ERCOT independent system operator shall adopt rules,
11 operating procedures, and protocols to eliminate or compensate for
12 any distortion in electricity pricing in the ERCOT power region
13 caused by a federal tax credit provided under 26 U.S.C. Section 45.

14 (b) Rules, operating procedures, and protocols adopted
15 under this section must ensure that costs imposed on the system by
16 the sale of electricity that is eligible for a federal tax credit
17 provided under 26 U.S.C. Section 45, including costs of maintaining
18 sufficient capacity to serve load at the summer peak demand caused
19 by the loss of new investment from below-market prices, are paid by
20 the parties that impose the costs.

21 (c) In conjunction with adopting rules, operating
22 procedures, and protocols under this section, the commission and
23 the ERCOT independent system operator shall eliminate any rules,
24 operating procedures, or protocols that attempt to adjust

1 electricity prices to reflect the value of reserves at different
2 reserve levels based on the probability of reserves falling below
3 the minimum contingency level and the value of lost load.

4 SECTION 2. This Act takes effect September 1, 2025.