

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 28, 2025

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB6 by King (Relating to the planning for, interconnection and operation of, and costs related to providing service for certain electrical loads.), As Passed 2nd House

Estimated Two-year Net Impact to General Revenue Related Funds for SB6, As Passed 2nd House: a negative impact of (\$2,638,412) through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	(\$1,319,206)
2027	(\$1,319,206)
2028	(\$1,319,206)
2029	(\$1,319,206)
2030	(\$1,319,206)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$1,319,206)	9.0
2027	(\$1,319,206)	9.0
2028	(\$1,319,206)	9.0
2029	(\$1,319,206)	9.0
2030	(\$1,319,206)	9.0

Fiscal Analysis

The bill would require the commission to adopt rules to ensure that a large load customer who is subject to certain standards contributes to the recovery of the interconnecting electric utility's costs to interconnect the large load to the transmission system.

The bill would require PUC by rule to establish standards for interconnecting large load customers in the ERCOT power region in a manner designed to support business development in this state while minimizing the potential for stranded infrastructure costs.

The bill would provide applicability that certain electric utility restructuring statutory provisions, other than certain provisions outlined in the bill, do not apply to a municipally owned utility or an electric cooperative.

The bill would require a power generation company, municipally owned utility, or electric cooperative to submit a notice to PUC and an independent organization certified for the ERCOT power region before implementing a net metering arrangement between an existing operating facility registered with the independent organization as a generation resource and a new large load customer.

The bill would require PUC to require the independent organization for the ERCOT power region to ensure that each electric cooperative, electric utility, and municipally owned utility serving a transmission-voltage customer develops a protocol, including the installation of any necessary equipment or technology before the customer is interconnected, to allow the load to be curtailed during firm load shed. This subsection would apply only to a load interconnected after December 31, 2025, that is not load operated by a critical load industrial customer or designated as a critical natural gas facility.

The bill would require PUC to evaluate whether the existing methodology used to allocate wholesale transmission costs to distribution providers continues to appropriately assign costs for transmission investment and to also evaluate whether the current methodology, including the four coincident peak methodology, whether alternate methods to calculate wholesale transmission rates would more appropriately assign the cost of providing access to and wholesale service from the transmission system, and whether the commission's retail ratemaking practices ensure that transmission cost recovery appropriately charges the system costs that are caused by each customer class.

The bill would require PUC to evaluate whether the existing methodology used to charge wholesale transmission costs to distribution providers continues to appropriately assign costs for transmission investment. The bill would require the PUC to complete this evaluation no later than the 90th day after the effective date of this bill and requires PUC, after completion of the evaluation project and not later than December 31, 2026, to amend commission rules to ensure that wholesale transmission charges appropriately assign costs for transmission investment.

The bill would require ERCOT to study the system impacts of a proposed net metering arrangement and removal of generation. The study must be completed and submitted to PUC with any associated recommendations no later than the 120th day after ERCOT receives all required information regarding the arrangement. No later than the 60th day after PUC receives the study result from ERCOT, the commission shall approve, deny, or impose reasonable conditions on new net metering arrangements as necessary to maintain system reliability.

The bill would amend the Water Code, authorizing corporate water suppliers in counties with populations under 350,000 to generate and sell excess power in the ERCOT market if they register as a power generation company (PGC).

Methodology

Based on the analysis of the PUC, this estimate assumes the agency would require 9.0 additional full time equivalents (FTE) positions to implement the provisions of the bill. Two Financial Examiners IV-V (\$108,000 per year with estimated benefits of \$30,694) would be needed to provide rate regulation. Three Attorneys III (\$115,500 per year with estimated benefits of \$32,825) would be needed for rulemaking and legal issues. Two Power Markets Economist (\$99,000 per year with estimated benefits of \$28,135) would be needed for market analysis of the ERCOT power region. Lastly, two Engineer III-V (\$115,500 per year with estimated benefits of \$32,825) would be needed to support the influx of projected large loads that will interconnect to the ERCOT power grid. Other associated costs include \$21,623 per year for payroll contributions, travel and other operating expenses.

Technology

PUC anticipates information technology expenditures of \$24,300 per year.

Local Government Impact

There could be an impact on municipally owned utilities and electric cooperatives related to the minimum transmission charge and large load demand management service that would be established by the bill.

Source Agencies: 473 Public Utility Commission of Texas

LBB Staff: JMc, WP, GDZ, JBeI, RStu, CMA