

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

February 26, 2025

**TO:** Honorable Charles Schwertner, Chair, Senate Committee on Business & Commerce

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: SB6** by King (Relating to electricity planning and infrastructure costs for large loads.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB6, As Introduced: a negative impact of (\$2,024,384) 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	(\$1,012,192)
2027	(\$1,012,192)
2028	(\$1,012,192)
2029	(\$1,012,192)
2030	(\$1,012,192)

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	(\$1,012,192)	7.0
2027	(\$1,012,192)	7.0
2028	(\$1,012,192)	7.0
2029	(\$1,012,192)	7.0
2030	(\$1,012,192)	7.0

Fiscal Analysis

The bill would amend Utilities Code, Section 35.004 to require each distribution-owning utility in the Electric Reliability Council of Texas (ERCOT) power region, for purposes of establishing the postage stamp rate, to report the additional billing determinants that would be created by applying the minimum transmission charge calculation under Section 36.010 to the distribution-owning utility's service area.

The bill would add Section 36.010 to the Utilities Code, requiring the Public Utilities Commission of Texas (PUC) to ensure that all users of the transmission system in the ERCOT power region contribute to transmission cost recovery, and to implement minimum rates that require all retail customers in that region served behind-the-meter to pay retail transmission charges based on a percentage of the customer's non-coincident peak demand from the utility system as identified in the customer's service agreement.

The bill would add Section 37.0561 to the Utilities Code requiring PUC by rule to establish standards for interconnecting large load customers at transmission voltage 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 amend Utilities Code, Section 39.002 to provide applicability that Chapter 39 of the Utilities Code, other than certain provisions, including Sections 39.169, 39.170, does not apply to a municipally owned utility or an electric cooperative.

The bill would add Section 39.169 to the Utilities Code to require a power generation company, municipally owned utility, or electric cooperative to submit a notice to PUC and the independent organization certified under Section 39.151 for the ERCOT power region before implementing a new net metering arrangement between a facility registered with the independent organization as a generation resource and an unaffiliated retail customer if: the retail customer's demand would exceed 10 percent of the nameplate capacity of the existing generation resource; and the facility owner has not proposed to construct an equal amount of replacement capacity in the same general area.

The bill would add Section 39.170 to the Utilities Code requiring PUC to require the independent organization certified under Section 39.151 for the ERCOT power region to ensure that each electric cooperative, electric utility, and municipally owned utility serving a transmission-voltage large load customer that is subject to the standards adopted under Section 37.0561 installs, or requires to be installed, before the customer is interconnected, equipment that allows the load to be remotely disconnected 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, as defined by Section 17.002, or designated as a critical natural gas facility under Section 38.074.

The bill would require PUC to evaluate whether the existing methodology used to allocate wholesale transmission costs to distribution providers under Utilities Code, Section 35.004(d) continues to appropriately assign costs for transmission investment and to also evaluate whether the current methodology, including the four coincident peak methodology, for allocating transmission costs by transmission and distribution utilities in the ERCOT power region to their customer classes results in a just and reasonable allocation.

The bill would require PUC to open a rulemaking project regarding the evaluation required under Subsection (a) of this section no later than the 90th day after the effective date of this bill and requires PUC, if PUC determines in the project that a PUC rule should be amended, to adopt the final rule no later than December 31, 2026.

## **Methodology**

According to PUC, the agency would require 7.0 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. Two 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, an 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.

## **Technology**

PUC anticipates information technology expenditures of \$18,900 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, RStu, GDZ, JBel, CMA